

صباحنا من الامم

MONDAY SPORTS U.S. OPEN Page 15

INTERNATIONAL Herald Tribune

Table with exchange rates for various countries including London, Paris, Frankfurt, etc.

No. 34,066 37/92

Published With The New York Times and The Washington Post

PARIS, MONDAY, SEPTEMBER 7, 1992

ESTABLISHED 1887



CRUNCH TIME — Buffalo's Bruce Smith sacking Los Angeles quarterback Jim Everett as the U.S. football season began. Page 13.

Baker and His Whiz Kids Inherit a Tattered Legacy State Department Team Finds Rescue Of Bush Campaign Won't Be So Easy

By Maureen Dowd and Thomas L. Friedman. WASHINGTON — From their State Department perch six blocks west of the West Wing, the Baker team had scoffed and ragged for two years about the clumsy attempts of Bush officials to deal with politics and domestic affairs.

Germans Give Only a Pledge Not to Push Rates Higher But Bundesbank Again Leaves Little Hope of Help for a Turnaround

By Erik Ipsen. BATH, England — The Bundesbank made a public pledge not to push German interest rates higher, but otherwise EC finance ministers and central bank heads emerged from a weekend meeting here with little to show for their discussions of currency turbulence and economic slowdown.

The Day Asylum-Seekers Got to Kolkwitz, and How a Mayor Coped

By Stephen Kinzer. KOLKWITZ, Germany — The telephone rang at 4:30 P.M. in Mayor Fritz Handrow's office, and the news was startling. That very afternoon, a government immigration official told him, 43 foreigners seeking political asylum in Germany would be arriving in Kolkwitz.

Nonaligned Nations Seek UN Intervention on Serbs

By Michael Richardson. JAKARTA — Under strong pressure from its Muslim members, the Nonaligned Movement on Sunday blamed Serbs for "massive atrocities" in Bosnia-Herzegovina and called on the United Nations to deploy peacekeeping forces along the border to protect the former Yugoslav republic.

Somalia: Far Too Little, Far Too Late



A Somali infant clinging to its mother's breast at Bardera.

By Jane Perlez. BARDERA, Somalia — Relief officials say that as their operations move into rural areas of Somalia they are discovering that the country's famine is far worse than previously believed and that present efforts, including a U.S. airlift, are falling far short of what is needed to ease the crisis.

Morocco Warns on Iraq Hassan Sees Hazards in Allied Policy

By William Drozdiak. RABAT, Morocco — King Hassan II of Morocco has issued the strongest public warning by an Arab leader about the hazards of Western policy toward Iraq, saying that the U.S.-orchestrated ban on Iraqi flights over the south of the country could lead to its dismemberment.

From the Voters to the Elected, Japan Is on the Take

By T.R. Reid. TOKYO — To make sure there were no witnesses, Hirohisa Watanabe left his driver at home and drove the company car to a secret rendezvous. He pulled into a dimly lit garage in Tokyo's government district. Then he opened the trunk and began pulling out shopping bags full of cash.

Klosk Suspect in Murders Of Mafia Judges Held

ROME (UPI) — The police on Sunday arrested Giuseppe Madonia, 46, considered the No. 2 man in the Sicilian Mafia and suspected of involvement in the killings of two anti-Mafia judges, officials said.

General News In a surprise, Taiwan reportedly agrees to buy 60 Mirage jets from France.

Japan is squaring off for a patent war with the United States. The strike that crippled GM's production has ended.

Paris-Taipei Deal For 60 Fighter Jets Is Reported Near

Compiled by Our Staff From Dispatches

TAIPEI — Taiwan will soon sign a contract to buy 60 Mirage 2000 jet fighters from France for about \$2.6 billion, the island's state-funded radio said.

Quoting unnamed sources, the Broadcasting Corporation of China said the jet's maker, Dassault Aviation, had agreed to cut its original price of \$54 million per jet by 20 percent.

The radio said the contract would be signed in the near future but gave no further details. There was no immediate Beijing reaction.

Taiwan has been discussing the purchase of Mirages from France for many months, but the French government, under pressure from China to block the sale, has not yet said whether it will approve a deal.

President George Bush announced last week that he had approved the sale of up to 150 F-16 jet fighters to Taiwan — a deal worth about \$6 billion — to modernize the island's aging fleet of U.S.-built F-5Es and F-10As.

The Beijing government accused Mr. Bush of breaking an agreement

not to sell advanced arms to Taipei and said Beijing might stop cooperating with Washington in the UN.

The U.S. decision would not harm current trade talks between China and the United States but might affect expansion of commerce in the future, China Daily, an official newspaper, said Sunday.

China's senior trade negotiator, Tong Zhiguan, left for the United States as planned on a trip "aiming to sustain trade momentum and clear up remaining trade disputes," China Daily said.

The newspaper did not say whether Mr. Tong would meet U.S. officials, but it said his visit "might be helpful" in settling disagreements over market access.

The newspaper's relatively low-key discussion of the U.S. jet sales to Taiwan marked a change after three days of outraged commentaries in China's official press.

The U.S. Embassy said Sunday that William Clark Jr., assistant secretary of state for Asia, would arrive in Beijing on Monday to discuss the F-16 sale.

(Reuters, AP, AFP)

At a Yugoslav Port, UN Sanctions Bite

By Roger Cohen
New York Times Service

BAR, Yugoslavia — With its vast but vacant wharves, idle cranes and empty warehouses, the largest port in the truncated state of Yugoslavia presents a poignant image of the economic paralysis that is gripping the country and leaves no doubt that UN sanctions are causing widespread suffering.

Although port officials and people living close to the nearby Albanian border say some smuggling of cigarettes, liquor and fruit has occurred since the imposition of sanctions three months ago, they describe the quantities as small and portray the overall effect of the UN embargo as disastrous.

"Largely nothing has come in during the past three months, apart from one or two small boats bringing bananas and other fruit," said Budimir Vukovic, the deputy director of the port.

Gazing out to the Adriatic, where only a solitary vessel with a Greek flag broke a placid view of empty seas, he added, "Usually we would be unloading 15 to 20 boats and have another 15 vessels waiting to come in."

Such desolation contrasts with the measured accounts of the effects of the embargo given by Western diplomats in Belgrade. They described evasion of the sanctions as common and many of Yugoslavia's borders as extremely porous.

U.S. officials, citing the frequent use of the transshipment route of labeling goods for delivery to Bosnia-Herzegovina that were actually sent to Serbia, say they favor tightening sanctions on Yugoslavia to bring an end to the war in Bosnia.

"The only alternative to the use of force is the tightening of sanctions," said a U.S. official in Belgrade, arguing for what he called a "check in, check out" system that would ensure that any goods labeled for Bosnia really ended up there. He added that the current price of bribing Albanian border guards to allow merchandise through was 500 Deutsche marks, or about \$360.

Along the Albanian border, however, a different picture emerges. Some people show off cigarettes that had been smuggled in, and say small items like candy and school notebooks are also entering Yugoslavia. But, said Rizo Muslijevic, a trader from Titograd, "these are not large amounts, just what people can carry."

At the port of Bar — whose importance for Belgrade has grown since other major ports were lost to the now-independent states of Croatia and Slovenia — there is no question that activity has ground to a halt.

Virtually all the 2,000 workers have been laid off. While many of them could be employed early in the embargo on maintenance and construction, such work has been exhausted.

Moreover, while all workers have been receiving a substantial proportion of their wages up to now, money is beginning to run out.

"I think for September we may not be able to pay anything," Mr. Vukovic said.

The problems of this port are widely shared. Crippled by sanctions and also by the dislocating effect of the breakup of Yugoslavia, most major industries have sent their workers home. U.S. officials estimate that by the end of this month, 50 percent to 80 percent of workers will be idle.

But up to now the social impact of this disaster has been diluted by the summer vacation period — when many plants would be closed anyway — and by the continued payment of wages.

The vacation period is now ending. Although the Serbian government of the hard-line leader, Slobodan Milosevic, has promised companies emergency funds for their employees, industrialists say that the amounts are insufficient and that anger and anxiety is certain to grow as workers realize there will be no return to work.

Western officials hope that this anger will be channeled into powerful protests against Mr. Milosevic, which will in turn put pressure on him to end the fighting. But for now, the bulk of the anger in Bar does not appear to be directed against the government.

WORLD BRIEFS

German Tour Bus Crash Kills 21

BERLIN (AP) — A German tour bus traveling to the Black Forest crashed on a highway interchange in southern Germany on Sunday. The police said 21 people were killed and 32 injured.

The bus, going from the Western city of Schwetzingen to one of Western Germany's main tourist attractions, was struck by a passenger car traveling the same direction, then toppled against a highway crash barrier that slit open the bus's side, the police said.

The accident occurred at midday at Bad Dürrenberg in Germany's Baden-Württemberg state, about 200 kilometers (125 miles) south of Frankfurt. Helicopters helped ferry some of the victims to area hospitals, and traffic was backed up on the busy autobahn, which links Stuttgart with the Swiss border.

Security Is Tight in Lebanese Voting

AITA JEBEL, Lebanon (AP) — Voters went to polling stations amid tight security Sunday in southern Lebanon during the third and final stage of the nation's first parliamentary elections in 20 years.

Troops in armored personnel carriers patrolled the main cities. Officials said that more than 50 percent of 500,000 eligible voters cast ballots in the southern cities of Sidon, Tyre and Nabatieh and surrounding villages, where 131 candidates vied for 23 seats.

It was the heaviest turnout of elections in northern and central regions, the two voting rounds held last month in northern and central regions, turnout averaged less than 30 percent. Muslim fundamentalists have won 14 places in the 128-seat parliament, and were expected to capture four more Sunday.

Cuba Stops Work on Nuclear Plant

HAVANA (AP) — Cuba has stopped construction of a Soviet-designed nuclear power plant because the collapse of the former Soviet Union left Havana without enough money to continue work, President Fidel Castro said.

Mr. Castro said that construction would stop at the Jurgens plant, which the Soviet Union began helping Cuba build in 1972. Calling the stop-work order a "temporary paralysis," he said that a smaller offer of stop-work order "is unacceptable in current circumstances," a reference to Cuba's struggle with East-bloc countries, but he said Cuba had been trading amicably with East-bloc countries, but a market dried up with the fall of the Berlin Wall. The United States, a major trading partner before the 1959 revolution, has maintained an embargo on Cuba for three decades.

Bomb Explodes in London's Hilton

LONDON (Reuters) — A small bomb exploded on Sunday in the Hilton Hotel in central London, the police said.

A spokesman said the explosion, which caused no injuries, occurred one hour after an anonymous telephone caller claiming to speak for the Irish Republican Army warned that a bomb would explode at an unspecified hotel in Park Lane.

Police sealed off the thoroughfare, near Hyde Park, after the device exploded in a washroom on the ground floor of the Hilton. "It is believed to have been an explosive device rather than an incendiary device," the police spokesman said. He described the explosion as small.

For the Record

Foreign Minister Qian Qichen of China will visit Israel from Sept. 15 to 17, the Foreign Ministry in Beijing announced Sunday. Mr. Qian will be the first Chinese cabinet minister to visit Israel since the two countries established diplomatic relations in January after a 40-year lapse. (AFP)

About 1,000 people attended a ceremony Sunday at the Jewish cemetery in the French village of Herzliya to condemn the desecration of 156 graves between Aug. 28 and 30. (AP)

Voters in Morocco have approved a new constitution by an overwhelming margin, the government announced. (UPI)

TRAVEL UPDATE

U.S. Warns of Possible Air Terrorism

LONDON (AFP) — The Federal Aviation Administration has alerted U.S. airlines to possible terrorist attacks following the discovery of a series of attempts to bypass baggage-handling security.

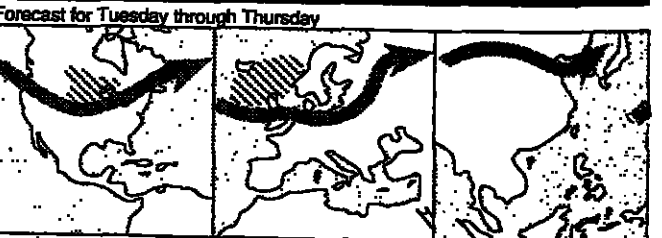
A U.S. Department of Transportation spokeswoman here, quoted in the Sunday Telegraph, said the agency made the warnings after officials had discovered attempts to put unaccompanied baggage on four U.S. carriers' flights into Europe within 10 days. At least two of the bags were believed to have originated in Tehran, the newspaper said.

Some U.S. airlines are extending cuts in fares a few days before lifting them back to mid-April levels. The \$10 to \$40 increases, depending on carrier and market, were scheduled to take effect over the weekend, but American, TWA, Continental and America West said they would delay increases until Friday. United said it would defer its increases until Wednesday. (Bloomberg)

Forest fires raging out of control in the Greek department of Attica destroyed several homes Sunday and threatened others on the outskirts of Athens. (UPI)

French truckers were urged to halt work indefinitely Sunday at 10 P.M. by a new truckers lobby founded in Avallon. The group was created Sunday after a 48-hour meeting to coordinate truckers' responses to revisions in a new French driver license system that introduces penal points for offenses. A government plan to introduce an earlier version of the plan in July caused widespread protests by thousands of truckers who blocked main roads all across France. (AFP)

The Weather



Region	City	Today	Tomorrow	Day After
North America	Albany	27/18	18/11	20/12
	Albuquerque	29/15	18/10	21/12
	Anchorage	21/10	10/5	12/8
	Atlanta	21/10	10/5	12/8
	Baltimore	21/10	10/5	12/8
	Boston	21/10	10/5	12/8
	Buffalo	21/10	10/5	12/8
	Chicago	21/10	10/5	12/8
	Denver	21/10	10/5	12/8
	Detroit	21/10	10/5	12/8
Europe	Amsterdam	18/12	12/8	10/6
	Brussels	18/12	12/8	10/6
	Frankfurt	18/12	12/8	10/6
	London	18/12	12/8	10/6
	Madrid	18/12	12/8	10/6
	Munich	18/12	12/8	10/6
	Paris	18/12	12/8	10/6
	Rome	18/12	12/8	10/6
	Stockholm	18/12	12/8	10/6
	Zurich	18/12	12/8	10/6
Asia	Bangkok	32/24	28/20	26/18
	Beijing	22/12	12/5	10/3
	Hong Kong	28/22	22/16	20/14
	Manila	32/24	28/20	26/18
	New Delhi	32/24	28/20	26/18
	Singapore	32/24	28/20	26/18
	Taipei	32/24	28/20	26/18
	Tokyo	22/12	12/5	10/3
	Yokohama	22/12	12/5	10/3
	Seoul	22/12	12/5	10/3

From Bosnia, an Appeal to the West

The fighting in Bosnia-Herzegovina is the most serious in Europe since World War II, reviving many of the darkest memories of that conflict. As the summit meeting of the Non-Aligned Movement in Jakarta that ended Sunday, Hris Stijalovic, the Bosnian foreign minister and a former history professor, discussed the war in the Balkans with Michael Richardson of the International Herald Tribune.

Q. Will the agreement reached in London at the recent peace conference on Yugoslavia and the fighting in Bosnia-Herzegovina?

A. There is a fatal flaw in that agreement. What happens if Serbian aggression does not cease? Who will punish it and how? There is no answer. Yet, the Serbian extremists proved long ago that they will not stop unless checked by an equivalent force. Mere talk will not impress them. In fact, it is a license to mass murder.

Q. If the Serbians do not carry out their undertaking to place all heavy weapons around Sarajevo and other cities under effective observation by UN troops, what should the Western powers and the United Nations do?

A. They should act in accordance with that part of the UN charter which basically says that when everything else fails, use force. They could also relax the arms embargo to permit the arming of the government of Bosnia-Herzegovina. Another option would be to let Bosnia-Herzegovina arm itself. The embargo hurts us, but not Serbia because its borders are porous.

Q. What would use of force involve?

A. It is the first sign of a deadly disease that will kill any hopes of a united Europe. By not reacting to plain murder in Yugoslavia,



Residents of Sarajevo working on Sunday to clear rubble from their ruined apartments. The building was hit by mortars.

Europe has passed a death sentence on itself.

Q. Are there other consequences?

A. It sends a terrible message of hopelessness to all unprotected small societies — you must arm yourself because there is no collective security or new world order. There is only selective security.

Croats Part With Muslim Bosnian Army

SARAJEVO, Bosnia-Herzegovina — In another move pushing Bosnia toward partition, Croatian forces broke with the mostly Muslim Bosnian Army on Sunday and threatened to drive Muslim forces from territory around Sarajevo.

The split appeared further to weaken the government of President Alija Izetbegovic, who has called for a unified country.

In Geneva, international mediators said Sunday that they had given Bosnia Serbs a new deadline to put heavy weapons around Sarajevo and other cities under United Nations control.

But the mediators, Cyrus R. Vance and Lord Owen, who are heading a conference on the former Yugoslavia, did not say what would happen if the Serbs failed to comply with the deadline, which is set for Saturday.

In Sarajevo, shelling resumed Sunday night after a day of relative calm. There were no immediate reports of casualties.

The city's already desperate living conditions worsened when the Serbs cut off the city's main reservoir. Doctors warned of imminent outbreaks of cholera and hepatitis.

The president of the Croatian militia for Sarajevo, Velimir Matic, said Croatian headquarters in Mostar, southwest of Sarajevo, had given the Bosnian government until Monday to withdraw from six suburbs of Sarajevo.

"After the ultimatum expires we will use all available measures to liberate Croatian territories," Mr. Matic said in Stup, a western Sarajevo suburb controlled by Croats. "That could imply a conflict."

"Lots of blood will be lost ending one state and lots of blood will be lost in creating one state," he said. "No one who lives in Bosnia-Herzegovina is a Bosnian. They are Croats, Muslims and Serbs. First of all, I am a Croat."

In addition to Stup, the suburbs, most of whose populations are Croatian, were invited to Geneva for urgent talks Monday on resuming aid flights to Sarajevo, which were suspended Thursday after an Italian relief plane crashed near the Bosnian capital. (Reuters, AP)

UN: The Nonaligned Countries Condemn Serbian Atrocities in Bosnia

(Continued from page 1)

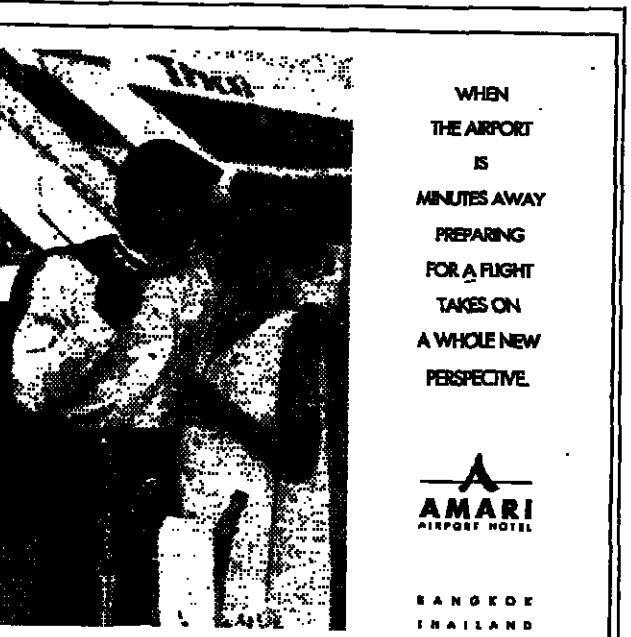
...nasty Muslim state emerge in Europe.

Hashemi Rafsanjani, the Iranian president, said that "flagrant genocide" was being carried out in Bosnia, where Muslim Slavs account for about 44 percent of the population.

Officials representing Yugoslavia, a founding member of the Nonaligned Movement, objected to the summit decision. They said it had been forced through by a group of Muslim states dissatisfied with an earlier text that criticized human rights violations in Bosnia without identifying a guilty party.

Those states included Iran, Malaysia, Saudi Arabia, Pakistan, Syria and Algeria.

Dissenting from the final decision, the Yugoslav delegation said that singling out the Serbs for blame would not help bring peace to Bosnia.



When the airport is minutes away preparing for a flight takes on a whole new perspective.

In a written reservation, the delegation said the group should have expressed facts by stating that irregular forces of all three sides in the Bosnian conflict — Croats and Muslims as well as Serbs — were involved in "abhorrent practices."

A Yugoslav official said that "this one-sided resolution" from the Nonaligned Movement might cause intensified fighting in Bosnia as Muslim and Croatian forces are emboldened by external backing and Serbs react in kind.

But a Malaysian official said the decision on Yugoslavia would strengthen the credibility of the Nonaligned group as it sought to chart a new course in the post-Cold War world. He asserted that Muslim countries had been motivated by humanitarianism, not religious concerns.

In a separate development, Iraq objected Sunday after the summit participants refused its demand to

Prince Charles Has Surgery

LONDON — Prince Charles had surgery to repair a torn cartilage in his left knee, Buckingham Palace said, but he does not plan to cancel any public engagements.

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Herald INTERNATIONAL Tribune

Published With The New York Times and The Washington Post

Hints of Serbia Flinching

It seems that the strains of conquest are weighing on Serbia. Its economy reels under sanctions, and a home political opposition stirs to the point that the Belgrade leadership is seeking ways to bleed off international pressures...

Cyprus: Ideas, No Motion

Alas, a month of direct talks at the United Nations between Greek and Turkish Cypriot leaders has gotten nowhere. An achievable "set of ideas" for uniting this dismembered island has been put forward by Secretary-General Boutros Boutros Ghali...

Their Talk Is Green Fuzz

Senator Al Gore says that George Bush has "turned his back" on the environment. The influential Sierra Club says the president has compiled an "anti-environment record that is the equal of Ronald Reagan's."

Nose to Nose — Maybe

It is President George Bush's prerogative to debate Bill Clinton or not in the next two months as he chooses. Apparently worried by the stark, open ease of the proposed encounters — just the two of them and a moderator, allowing real exchange — he and his arrangers have declined. They want backstairs negotiations for a setting more congenial to the president's talents.

INTERNATIONAL HERALD TRIBUNE KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER Co-Chairmen

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... HOLD IT! THOSE ARE AMERICAN TOURISTS...



As the dollar staggers...

Arming the Bosnians: Grim Lessons Learned Late

By Stephen S. Rosenfeld

WASHINGTON — Bosnia marks the great post-Cold War divide between hope and reality. Its tragedy provides the primary object lesson for many similarly situated places. The tragedy was the general abandonment of an ethnic community — the largest in its old republic — that had desperately bid for statehood in order to qualify itself for international protection.

Organized. But this amounts to consigning the victims, mostly innocent, to take whatever crumbs fall off the negotiating table. They come to this table having lost most of their territory, economy and residential population, with a pitifully weak hand.

For British Royalty, the End of a Very Long Line?

By William Pfaff

PARIS — It is hard to believe that the British monarchy will survive the 1990s, but it is also hard to think in what way Britain will survive without its monarchy.

The grave difficulties of both the Prince of Wales and the Duke of York's marriages has robbed the succession of its moral authority. Can Charles really become king as the separated or divorced father of heirs to the throne living separately with their mother? (Or with their mother and a new husband or friend?)

The royal family might have tried a more modest and democratic approach, like other European monarchs.

comes of age, etc. But this is not a compelling scenario for preserving a monarchy whose divergence arises from the failures, self-seeking and frivolity of the present generation of successors to Queen Elizabeth II.

It is a system that maintains the gentleman landowner as social ideal, which has not been particularly good for industrial Britain. The true aristocracy — not that named in the House of Lords for political or public services — is considered to consist of some 80,000 descendants of 150 families who were ennobled landowners before the Industrial Revolution.

A Barbara Clone, Not a George Fan

By Susan McLane

CONCORD, New Hampshire — Barbara Bush and I have a lot in common. We have both been married for 44 years. We each have five children and 12 grandchildren.

Barbara Bush and I have a lot in common. We have both been married for 44 years. We each have five children and 12 grandchildren. We look somewhat alike, with white hair, ample hips and wrinkles from the sun and smiling.

Our parallel lives continued. We moved away from our parents. Our husbands worked and we stayed at home washing diapers, watching Little League games, getting everyone packed for family trips.

Paradoxically, it was after we met that our paths began to diverge. George Bush became Mr. Reagan's vice president. Malcolm campaigned for John Anderson.

I have to tell my soul mate Barbara, but I'm voting for Bill Clinton. The writer, a Republican, is a New Hampshire state senator. She contributed this comment to The New York Times.

What Drew Shen Back To China

By Marianne Yen

WASHINGTON — Why did Shen Tong go back to China? That was the question most asked by friends who called me from all over to express shock and regret when the report came on Tuesday that Mr. Shen, a student leader of the 1989 democracy movement, had been detained by the Beijing authorities.

For three years, Mr. Shen has fought for the memory of friends who were crushed beneath the tanks in Beijing, and for schoolmates in Chinese prisons and labor camps. Yet he has lost nearly every battle with the Bush administration to bring pressure to bear on Beijing hard-liners.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: Harrison's Feats

NEW YORK — President Harrison has twice within the current week appeared before the public to great advantage. The first occasion was when he hastened back to Washington on a midnight train to add the weight of his authority to the enforcement of the [cholera] quarantine.

1942: Serbs Are Executed

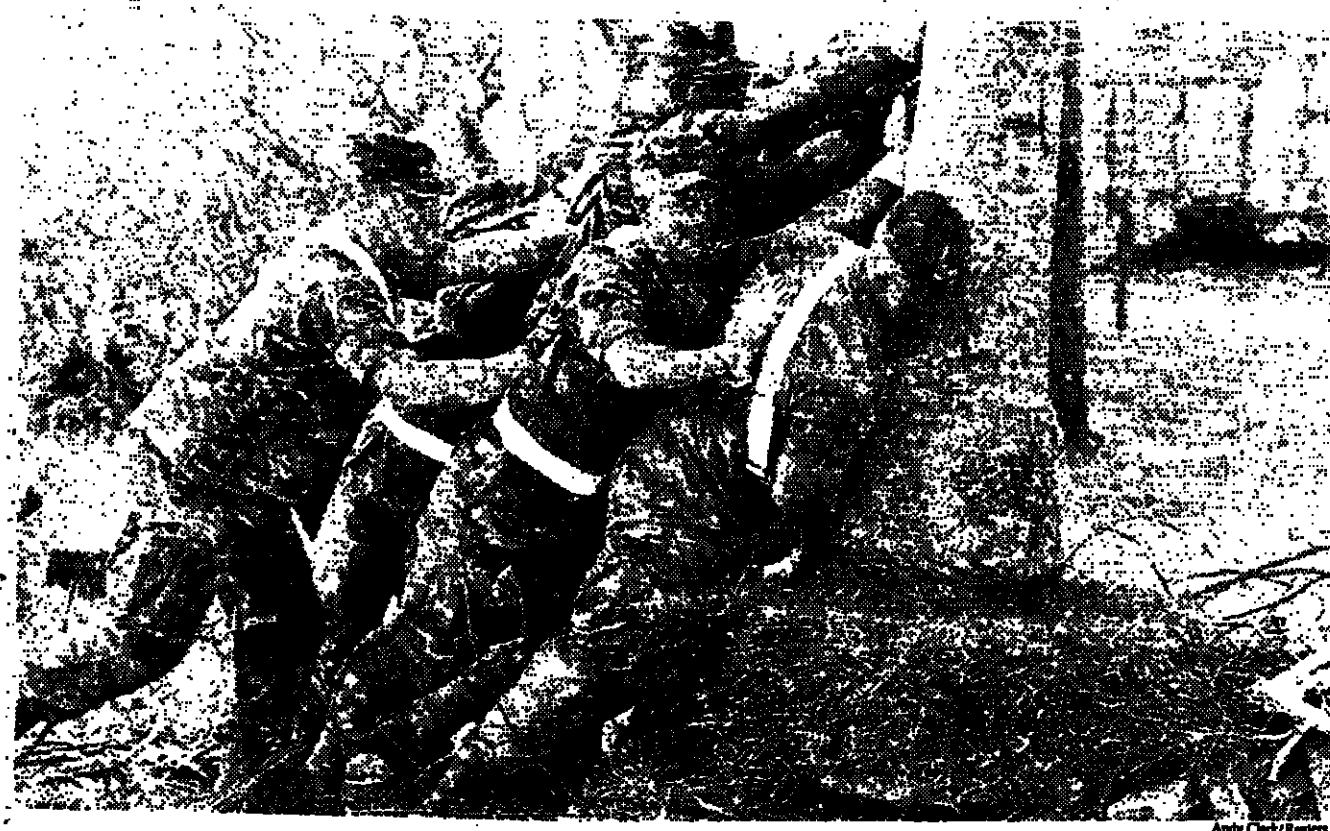
LONDON — [From our New York edition:] A large number of Serb prisoners moved by the Germans from Yugoslavia to Norway have been shot because of a dangerous outbreak of typhus in their concentration camp, a responsible Norwegian government source here reported today [Sept. 6].

1917: Marne Anniversary

PARIS — The third anniversary of the great victory of the Marne was celebrated yesterday [Sept. 6] in a brilliant national ceremony at La Fère-Champenoise, the centre of one of the most desperate battles of the memorable struggle. The ceremony was marked by a stirring speech delivered by M. Ribot.

Handwritten note: 100 75 50

What Drea Shen Back To China



Soldiers, among many on hurricane cleanup detail in stricken Florida towns, struggling to remove an uprooted palm tree.

The Long, Slow Wait for U.S. Storm Aid

By Peter T. Kilborn
New York Times Service
MIAMI — The Federal Emergency Management Agency, the government's lifeline to people caught in disasters, is so understaffed and consumed by paperwork that tens of thousands of victims of the recent Florida hurricane are unlikely to get financial help when they need it most.

ous insurance company checks but no government relief checks.
The emergency management agency has set up 16 temporary assistance centers in Dade County, most in tents, for the estimated 200,000 people left homeless. There, several hundred registrars help people fill out forms for subsistence and home-repair grants.

It has given the disaster victims since Wednesday. Until then it said it had paid out \$500,000 in several hundred checks to applicants in Florida — a minuscule amount for a disaster that ruined or damaged more than 80,000 dwellings. It did not say how many grants this represented.

Peru's Rebels Make Inroads in Bolivia

By Nathaniel C. Nash
New York Times Service
ULLA ULLA, Bolivia — Shining Path, the fierce and elusive guerrilla group that holds sway over much of Peru and threatens the government, has expanded its operations across Peru's borders for the first time and is making inroads in Bolivia.

but has increased markedly in recent months. The pattern is similar to the organization's beginnings in Ayacucho, in southern Peru, where the elusive founder, Abimael Guzman Reynoso, a former philosophy professor, worked quietly for years building a core group of followers. Only when he had established a reliable nucleus of leaders and trained fighters did Shining Path begin to mount violent attacks.

groups that for the last 500 years have been kept at the bottom rungs of Andean society. Many fear that a Shining Path takeover of Peru would result in a bloodbath directed at the educated governing class of Spanish background.

2 Top Police Officials Replaced in Nicaragua

New York Times Service
MANAGUA — President Violeta Barrios de Chamorro has removed her Sandinista police chief and 11 of his closest aides, but the changes may not have met Bush administration conditions for the renewal of economic aid.

pressure from the United States and resistance of the opposition Sandinista Front, replaced the police chief, René Vivas, with another Sandinista, though one of much lower profile.

States and insisted that the changes were part of an effort to create a professional civilian police force.

Crime-Genetics Meeting Canceled After Protests

By Charles Babington
Washington Post Service
WASHINGTON — The University of Maryland has called off a conference on genetic links to crime and traded bitter accusations with the National Institutes of Health, which had withdrawn funding for the event.

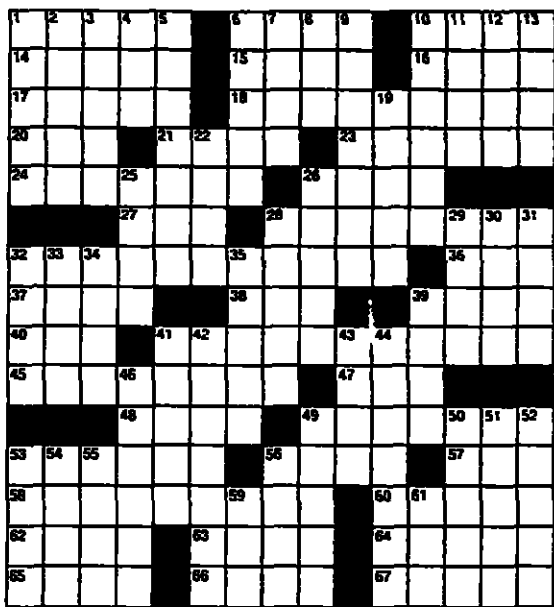
racial implications of attempting to link crime to genetics.
Officials at the health institutes then sent a similarly bitter response, saying university officials had "grotesquely distorted" the conference's original goals in a manner that heightened racial concerns and "caused significant damage to the NIH's reputation."

Because blacks are convicted of crimes in numbers disproportionate to their general population, critics said, efforts to find genetic explanations might be used to revive discredited theories that blacks are biologically inferior, or that genetics would be used to justify blanket condemnations.

- ACROSS
1 Emulated
4 Styptic
10 Peak
14 ... partridge in tree
15 Cook book
16 Plug away
17 Tendrils
18 Banniced by police cars
20 Nixon has two
21 Sisyphian
23 Wipes off the map
24 Bogart film: 1937
26 Tours firms: Abbr.
27 Have
28 Practiced pyromancy
32 By and by
36 Run
37 Keep (persist)
38 Small drink
39 This often flies
40 Was victorious
41 Gets going
42 Lingerie item
47 United
48 Novelist Tyler
49 Landscaped urban thoroughfare
53 DO NOT (Monopoly setback)
56 Submarine
57 "What a good boy —!"
58 Traveling
59 Out of line
62 — From Muskogee, M. Haggard hit
63 Martinelli of the screen
64 Piccolo sound
65 Erlich, in a way
66 F.D.R.'s New
67 Paved the way

Solution to Puzzle of Sept. 4
BOOT TARA HIRP
ACRY IBIS AIRE
REPP LOCHINVAR
SAHIB HEDDA
ANACONDA ILLGO
NAPIER SURETE
TAAL DADA KYOTO
OWN HIRSUTE REL
TORINO SADE AGRA
ORISON LIABLE
DELLA MONOGAMY
AISHA TEPEE
KINGHENRY BLAS
EDDA MAYO REDE
ASSN ICED AVES

- DOWN
1 Spiked the punch
2 Guess
3 Vice tag-along
4 Organ with a drum
5 Suggest
6 Stinging
7 Arctic diver
8 Actress Thurman
9 Sherry's kin
10 Finally
11 — Bay, Ore.
12 Nursery trio
13 Lodge fellows
19 Propagate
22 Lit. collection
25 Mar the car
26 Vote in a new member
28 Looped upholstery fabric
29 Where Canton is
30 This is there, too
31 Title
32 Occur to, with "on"
33 Okla. Indian
34 — (improvise)
35 First name in cosmetics
36 Journey
41 Joint on a door
42 Cold-shouldered
43 Rime
44 On the way



- 46 Scolded severely
49 Cycle
50 Arroyos
51 Stubborn as
52 Highway sign
53 Natorium
54 "My Way" songwriter
55 Commotion
56 "The night — thousand eyes"
58 "This — House," 1954 song
61 Hunters' gp.



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Violence Widens in Germany

Compiled by Our Staff From Dispatches

BONN — Rightist radicals battled police and firebombed buildings in the latest night of attacks on foreigners, including several incidents in West Germany, officials said Sunday.

But the authorities said that a huge deployment of security forces helped prevent a major escalation of violence against refugees.

Among the attacks overnight was the firebombing of a refugee hostel in Engelsberg, in Bavaria, the first such attack reported in the West German state since the recent violence began.

Incidents were also reported near Bonn and in Bretten, near Karlsruhe, both in the West, and in Berlin.

Vandals knocked down gravestones at a Jewish cemetery in Berlin. The police said a bullet was fired through the window of an Arab refugee's room near Bonn. Assaults threw a gasoline bomb at a foreigners' home in Bretten, but it did not set the building on fire, the police said.

Attacks continued in Eastern Germany on Saturday night, with the police reporting a clash between about 100 riot police and 60 stone-throwing rioters outside a refugee hostel in Guben.

In Eisenhüttenstadt, about 150 youths had fierce street battles with paramilitary border police, who stopped the rioters from storming a reception center for asylum-seekers. Hundreds of residents cheered the rioters.

Rightists have repeatedly attacked the hostel in Eisenhüttenstadt, an industrial town on the Polish border, since the violence in Rostock last month forced authorities to evacuate some 200 refugees.

Near Hoyerswerda, attackers hurled an incendiary device at a building in which 72 Vietnamese nationals live. A Vietnamese woman was treated for shock. Six policemen in Lübbenau were hurt in clashes with rightists trying to storm a refugee hostel.

(Reuters, UPI)

ASYLUM: How Kolkwitz Coped With Its Refugees

(Continued from page 1)

Asylum has the right to be admitted into the country and to remain there, receiving room and board and a stipend equal to about \$275 per month. Although many are eventually found to be economic refugees rather than political, investigations and appeals can drag on for months or years, while the applicants are supported at government expense.

This situation angers people in Eastern Germany, many of whom are under severe economic and psychological pressures after the upheaval of German reunification.

"Have you heard about kids using the expression 'no future' to describe their prospects?" asked Christian Hanisch, a government administrator for several towns near Cottbus. "Well, that's the way

many of them feel around here. Unemployment is very high, the economy is in collapse, and no one knows when it's going to get better.

"Life in the old East Germany was restrictive, but you had something, which was your certainty that you couldn't fall out of the system altogether, your knowledge that there would always be something for you."

"That's gone now," Mr. Hanisch said. "Dad's out of work, and he sits around the house all day and fights with Mom. The system seems callous, as if it doesn't care about people. There aren't many places for kids to go and spend their time. So they think, 'Why not go down and harass those foreigners who have free housing, free food and money for nothing, all paid for by our tax dollars?'"

In the days since asylum-seekers arrived in Kolkwitz, dozens of local residents have brought gifts of clothing, blankets and other supplies to their barracks. But at the same time, security agents have been installing searchlights and surveillance cameras.

"What bothers me is that we don't have any standards to decide who can come into Germany and who can't," said the owner of Angelika's Shoe Salon, a small shop on Kolkwitz's main street. "If they're babies from Bosnia, then I say fine, bring them all here until the war is over. But that's not who's coming."

"I'm not for burning cars or throwing rocks," she said. "But I know that no other country lets people in so freely. Why should we take them all, especially when we've got problems of our own?"

SCANDAL: Staying Power of Japan's Corruption

(Continued from page 1)

cash handouts from the politicians all the time. They see it as a way of spreading income around."

A typical member of the Diet, or parliament, raises and spends about \$2 million during a two-year election cycle, according to Shigezo Hayasaka, a political analyst who was top aide to Kakuei Tanaka, a prime minister who lost his job in a bribery scandal. That amount is almost 10 times the spending limit under Japan's Political Funds Control Law.

Part of the reason is that despite Japanese laws, virtually all politicians are expected to hand out cash to constituents.

"You hear people complain about this secret money," said Mr. Miyazawa. "But at the same time, voters don't want to stop it because they are getting some of it."

Almost nobody is seriously trying to change things. A small group of Liberal Democratic legislators is pushing for tough new laws. To dramatize their case, some have publicly released account books showing receipts and expenditures beyond legal limits. But their chances of success appear to be reflected in the name they chose for their coalition: the Utopia Group.

Prime Minister Kiichi Miyazawa, who was returned to power last year after being censured in the Recruit Co. bribery scandal in 1988, is preparing what he calls a "major political reform package." But indications so far are that it will deal with legislative re-appointment — not with political money.

The outlines of political bribery scandals here have, by now, become familiar. A company seeking

official help sends top officials to the government district to pass envelopes, briefcases or grocery carts full of cash or stock to politicians or their aides. In some cases, the donors seek favors, such as tips on government contracts.

A former cabinet minister, Fumio Abe, was arrested this year on charges of selling information on a proposed highway route to an iron and steel company. The police said Mr. Abe was entertained at a Tokyo restaurant where dinner cost \$600 per person. For dessert, the police alleged, Mr. Abe was handed an envelope containing \$480,000 in cash. He denied the charges but resigned from his Liberal Democratic Party posts.

In cases such as the Recruit scandal, donors apparently merely wanted to make friends at the top. Recruit, a company involved in publishing, land development and job placement, gave dozens of politicians cash and shares of stock, ranging up to \$1.2 million. Two former prime ministers, Yasuhiro Nakasone and Noboru Takeshita, were involved in the scandal. Mr. Miyazawa, the current prime minister, was forced to resign as finance minister.

The Recruit case, coupled with a sex scandal involving the next Liberal Democratic prime minister, temporarily awoke the electorate. In an election for the Diet's upper house in 1989, voters gave the dominant party its first defeat. But this throw-the-rascals-out mood did not last long. In a lower-house election in 1990, the Liberal Democrats — including almost all of the Diet members caught up in the Recruit scandal — won big.

The flow of cash to constituents is a key factor in the pervasiveness of illegal political money. Like their

counterparts in the U.S. Congress, Diet members have created ways to protect incumbents, including district offices and large staffs to help constituents. Lawmakers visit their home districts virtually every weekend.

Japan's legislative budget is comparatively stingy, however. A Diet member gets a single scruffy office and just two government-paid employees. Expenses for additional staff, district offices, official cars, travel, newsletters and mail must be financed privately — normally, through contributions.

And social obligations may lead to additional out-of-pocket spending. Diet members are called upon to attend or send greetings to weddings, funerals and graduation parties. A politician is expected to present an envelope full of cash in each case, even though the practice is illegal.

On days considered lucky on the Buddhist calendar — usually about once a week — a politician may have four or five weddings to attend. Mr. Takemura, the Diet member, said he expected to pay \$250 or more at each wedding.

When politicians travel overseas, they are expected to bring back gifts — a \$100 tie or scarf, for example — for hundreds of members of their local booster clubs. Such gifts can easily cost a politician tens of thousands of dollars a year.

"Of course, people know that the money they are getting in envelopes is really political money contributed by the big corporations in Tokyo," Mr. Miyazawa said. "But they like to get this money. People see it as another way of redistributing income from the big guys in Tokyo to local people celebrating a wedding back home."

A Victory By Spassky Ties Match

Compiled by Our Staff From Dispatches

SVETI STEFAN, Yugoslavia — Boris Spassky defeated Bobby Fischer on Sunday, tying their chess rematch at 1-1.

Mr. Spassky, ranked 101st in the world, forced Mr. Fischer, playing black, into resigning on the 30th move. Mr. Fischer was in trouble for the last 20 moves.

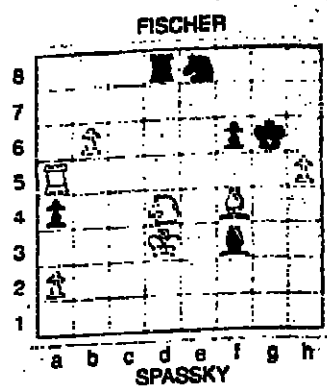
"One day you give a lesson, and the next day your opponent gives you a lesson," Mr. Fischer said after the fourth game in their match. He won the opener last week, and the second and third games were drawn. A player gets one point for a victory, none for a draw; the first to reach 10 points wins \$3.3 million of the \$5 million prize money.

The match began with organizers barring photographers and adding extra sound-muffling curtains so as not to disturb Mr. Fischer.

In the third game, held Saturday, Mr. Fischer offered a draw to Mr. Spassky after 39 moves. The game began after a dispute in which Mr. Fischer imposed and then lifted a ban on news coverage.

Mr. Fischer imposed the blackout after demanding that reporters refer to the match as "the world chess championship."

(Reuters, AP)



Sunday's final position

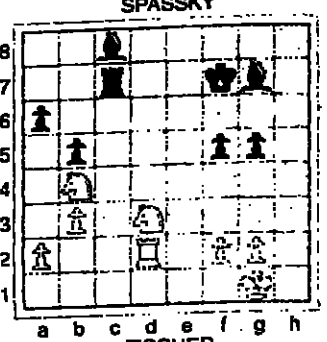
GAME 4
QUEEN'S GAMBIT

White Spassky	Black Fischer	White Spassky	Black Fischer
1. d4	d5	26. h4	R7
2. c4	dxc4	27. Nc2	R8
3. Nf3	Nf6	28. Re3	b5
4. e3	e6	29. Ng1	Kf6
5. Be2	c5	30. Ke3	c5
6. 0-0	ed	31. Rg5	e4
7. d4xc5	Gud1	32. b4	Nb7
8. Rxd1	Rxc5	33. b5	Nxc5
9. B3	Nb7	34. Nf4	e5
10. Bc2	b5	35. Nxe5	Nc5
11. Nc3	Nb7	36. Nf5+	Kg7
12. Re1	Rc7	37. Rxe5	Nxe4
13. Nd4	Rc8	38. Rf3	Rc3
14. f3	b5	39. Rb4	Rc3+
15. Be2	Rc5	40. Ke3	Nf6
16. Kf1	Kc7	41. Rb5	Rc8
17. e4	g5	42. Rg5+	Kf7
18. Nf1	g4	43. Ne5	Nf8
19. Re3	b4	44. Rxf5+	Rg6
20. Rxc5	Nxc5	45. Rg5+	Kf7
21. Rxb4	Rc8	46. Rf4	R6
22. Nc3	g3	47. Rf5	Rg6
23. gxf3	Nc7	48. b6	Kf8
24. Nc4	Rc8	49. Rf4	Rc3
25. Rf2	Rg8	50. h5+	resigns

Saturday's Play

GAME 3
RUY LOPEZ OPENING

White Spassky	Black Fischer	White Spassky	Black Fischer
1. e4	e5	19. Ncd4	Ne5
2. Nf3	Nc6	20. Nc3	d5
3. Bb5	ed	21. Qd2	De4
4. Bc4	Nf6	22. Nxe4	Nd5
5. 0-0	Be7	23. Bg3	Rc8
6. Re1	b5	24. Re2	f5
7. Bc3	ed	25. Bxe5	Rxe5
8. c3	0-0	26. Ng3	Rxe2
9. K3	Nf8	27. Npe2	Rf4
10. d4	Nb7	28. Rf1	Nxc2
11. Nbd2	Rc7	29. Nxc2	Qxc2
12. Re2	Rc8	30. Re2	Rc7
13. Nf1	Rf8	31. Ne3	Kf7
14. Ng3	g6	32. h4	Rc8
15. Bg5	h6	33. Nf4	g5
16. Bc2	exd4	34. Rxf5	Rxf5
17. exd4	c5	35. Ne5	Rg7
18. B4	exd4		



Saturday's final position.

White Spassky	Black Fischer	White Spassky	Black Fischer
36. Nd5	Rc8	38. Nd5	Re6
37. N5b4	Rc7	39. N5b4	draw

FAMINE: Crisis Deepens

(Continued from page 1)

Somali conflict, General Mohamed Farrah Aidid, keeps his headquarters here.

"We do not want to give him too much credibility," an American official said.

The International Committee of the Red Cross, which says its efforts in Somalia represent the biggest humanitarian relief operation in its history, estimated in July that 1.5 million of Somalia's 4.5 to 6 million people risked death.

Geoff Loane, the director of relief for the Red Cross in Somalia, said that the "dimensions of the problem are so large we haven't revised the figure."

"But by now," he said, "the risk is greater."

"Everyone continues to be shocked every day," Mr. Loane said. "The whole relief operation is not moving."

No one knows how many Somalis have died, but the Red Cross puts the figure at above 100,000. Hundreds, if not thousands, die every day.

The United States and other countries have joined the UN and the Red Cross, which has been here for the past 18 months, in airlifting tons of food to Somalia. Much of it

has been looted by gangs before it reaches distribution points.

UN troops are scheduled to arrive soon to guard relief shipments, but their arrival has been delayed by logistical problems, a UN official said.

UN officials negotiated with the warring Somali factions for months to win approval for the UN troop deployment. The UN Security Council has approved plans to send 3,500 troops, but General Farrah Aidid has agreed only to 500 UN soldiers. Pakistan is to provide the troops.

Here in Bardera, emaciated people from the countryside are continuing to stream into the town looking for food. Many die on the way, and about 50 die daily in the town, relief officials said.

The World Food Program has been the only agency to deliver food here, but its flights have been intermittent since the first one on Aug. 19, said a spokesman, Paul Mitchell. The agency had only three aircraft at its disposal, he said.

Another problem, Mr. Mitchell said, was a dearth of aid workers in Somalia. Two workers from the American organization, Care arrived two days ago, the first foreign relief workers in the town.

Letter Implicates Winnie Mandela

The Associated Press

JOHANNESBURG — Newspapers on Sunday published a letter allegedly written by Winnie Mandela to a former lover incriminating them in the possible misuse of African National Congress funds.

The Sunday Times and Sunday Star of Johannesburg each reported that a copy of the long bitter letter to Dali Mpofo, a lawyer, was delivered anonymously to their offices. Both papers said investigations

proved the handwriting was that of Mrs. Mandela, wife of the ANC president, Nelson Mandela. The Mandelas separated last spring after 34 years of marriage.

Media reports have long linked Mrs. Mandela, 58, romantically to Mr. Mpofo, 30. She and Mr. Mpofo, who served on her defense team during her 1991 trial, have denied having an affair. The newspapers said both declined opportunities to comment on the letter, which was written in March.

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Aviation

U.S. Carriers Fight to Pull Out of Stall

By Conrad de Aenlle

PARIS — How bad off are U.S. airlines these days? Pretty bad. As one observer noted, "The losses in the last two years have wiped out everything made in the industry's entire history." The total is \$6 billion and counting.

Those losses have also wiped out several carriers. Pan American, Midway, Eastern and Braniff are out of business, although there is talk that a downsized Braniff may rise from the ashes. Continental, TWA and America West are operating under Chapter 11 bankruptcy protection and are in danger of plunging into the abyss after the others. This, clearly, is no ordinary recession.

"One has to be concerned when in the past two years the U.S. airline industry has lost \$6 billion and is headed for a repeat of last year's \$2 billion loss this year," said Les Howard, president of the consultancy Airline Economics.

Few carriers have been untouched. Even American Airlines, considered the best and brightest in the business, managed to lose \$166 million in the second quarter alone. And it's one of the lucky ones.

"We've long forecast that the industry would wind up with five mega-carriers that would dominate," Mr. Howard remarked. "One has to wonder, if this type of situation continues, whether we might go down to three."

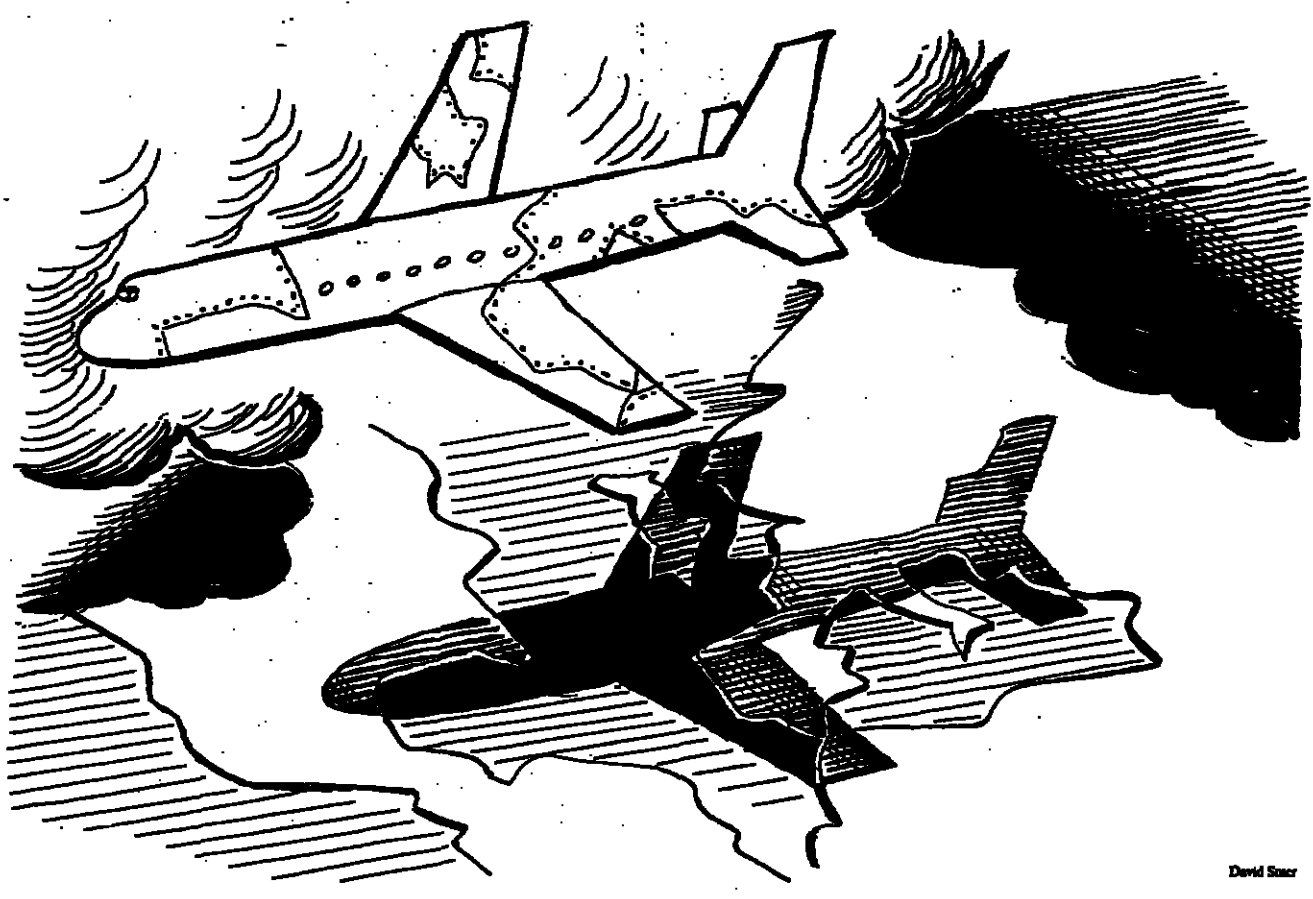
Those three are American, United and Delta — regarded as the only truly sound American airlines.

"It's primarily an economic thing," agreed Kevin Murphy, an airline analyst at Morgan Stanley, "when a problem of overcapacity. It's that 50 mph head wind that Alan Greenspan talks about. Consumers aren't spending."

Even a summer fall of drastic fare cuts has done little to encourage them to open their wallets. That's what makes this recession, which Washington swears is over, different from others.

"Normally, when you come out of a recession, it's fairly swift, the response from air travelers is rather significant," Ed Perkins, editor of Consumer Reports Travel Letter, pointed out. "This recovery is so slow that travelers are responding as if we were still in a full-blown recession; they don't respond to fare wars. That's what makes fare wars so destructive."

Continued on page II



David Starr

France Promotes 'Golden Hub' Airport

By Jacques Neher

PARIS — Encouraged by high growth of traffic in the late-1980s and anticipating the European single market of the '90s, France's major airports will be plowing some \$3 billion into modernization and expansion programs over the next few years.

The investments are designed to increase passenger and cargo handling capacity and improve the service and efficiency of ground operations, in order to attract yet more airline services and more passengers to the facilities.

The buildup has been accelerated in recent years as the local chambers of commerce, which, except for Paris, are in charge of the airports, have sought to make their facilities key elements in economic development strategies to face the challenges of an integrated market and liberalization in the aviation business. The idea is that modern and efficient

airports will help attract business investments from foreign companies looking to expand or reorganize their operations in Europe, and at the same time attract airlines that will be increasingly free to compete for routes throughout Europe.

The six largest airports alone — France has some 80 commercial airports — say they will spend 3.92 billion francs (\$817 million) on infrastructure development in 1992, and they plan additional investments of close to 11 billion francs between 1993 and 1996. This comes on top of several billion francs they have spent over the past few years.

"Between 1985 and 1990, French airport traffic was growing at a rate of 8 to 10 percent a year," said Patrick Millant, deputy director of the Union des Chambres de Commerce et Etablissements Gestionnaires d'Aéroport, the French airport managers association. "Airports have had to adapt to this growth and start building programs."

Even though traffic declined last year by 4.6 percent to 77 million passengers, a drop blamed on the double-whammy of the Gulf crisis and global economic slowdown, Mr. Millant said it was "still necessary to enlarge and improve" facilities to handle current traffic and to anticipate further growth in demand.

The lion's share of the investments are being made by Aéroports de Paris (ADP), the state-run authority charged with operating Paris' two big commercial airports, Orly and Roissy-Charles de Gaulle. Paris accounts for 59 percent of the passenger traffic and 85 percent of the air freight handled by all the French airports.

Hoping to make Paris "the golden hub" of a deregulated Europe, ADP this year will spend 3.2 billion francs, almost double the 1.8 billion francs it poured into improvement and expansion projects in 1991. Between 1992 and 1996,

Continued on page II

A New Airplane Hot From the Computer

By Robert Frank

SEATTLE — Boeing threw away the tools of the past when it plunked down \$5 billion to develop a new family of wide-bodied airplanes to sell into the next century. Out went drafting boards, blueprints and costly mock-ups. The 777, and its 132,500 engineered parts, is the first commercial airliner ever to be completely designed on a three-dimensional computer system.

Boeing, however, emphasizes that changes in how it does business are more important than the 777's digitized design and other technological advances.

"Computers don't create airplanes, people create airplanes," said Barbara Murphy, 777 spokeswoman. "It's important to realize that this is Boeing's first market-driven airplane."

"Market-driven" meant customer participation from the early design stages. Boeing's objective is to deliver the 777 fast, with fewer late changes, and keep maintenance costs low during its 30-year lifespan.

Engineers from United Airlines, British Airways, Japan Airlines and All Nippon Airways — the 777's biggest customers to date — work on "design-build" teams with Boeing engineers, designers, manufacturers and suppliers to create a better airplane.

The French Dassault Systèmes-IBM CATIA three-dimensional computerized imaging system is merely the tool teams use to communicate, Ms. Murphy said.

Industry observers say Boeing's "market-driven" mantra appeals to bottom-line airline executives in an industry where, following the United States' deregulation of airlines, engineers and technicians no longer make purchasing decisions.

"The new men who have moved into airline senior executive positions have been willing to buy aircraft embodying technological innovations at a more rapid pace," said aircraft technology consultant Aaron Gellman, "particularly where such innovations are represented as lowering the aircraft's operating costs."

But Boeing has always been conservative when it comes to including new technology. For instance, electronic "fly-by-wire" guidance systems have been standard features for Airbus Industrie, McDonnell Douglas and Lockheed. The 777 is Boeing's first standard fly-by-wire aircraft, and Mr. Gellman, who is director of the Transportation Center at Northwestern University.

With the 777, Boeing missed an opportunity to create the first commercial airliner to take advantage of the latest fiber-optic technology and make the first "fly-by-light" airliner, he said.

By involving airline engineers early in the development process, Mr. Gellman said, Boeing is "trying to make the 777 acceptable to the finance and marketing types."

The 777 was launched with United's order for 34 aircraft in October, 1990. Boeing now has 106 confirmed orders for 777s, worth \$11.66 billion, with options on another 93, worth about \$10.23 billion. Other customers include Thai Airways, Cathay Pacific, Lunda, Emirates and Eurair, a French charter carrier.

In addition to being the world's largest commercial twin-engine airplane, 777s will have the most powerful engines ever built, hauling 305 to 440 passengers nonstop from London to New York, or, on later models, from Tokyo to Sydney. Bigger, stretched versions are also being designed.

Another first: optional folding wings so it can slip easily into crowded airport gates. So far, no one has ordered these.

New alloys and composites will be used in the 777's tail and other structures, making the airplane 10 percent lighter overall. Less weight translates into lower operating costs for airlines, which expect to pay \$110-\$130 million per 777.

Seats, galleys and lavatories are designed so airlines can completely change a three-class cabin into, say, all-economy class in 72 hours. On previous planes, the process could take up to two months.

In the late 1980s, Boeing saw a niche between its 767s and 747s being filled by McDonnell Douglas and Airbus Industrie. Airlines are expected to replace 8,850 jets by 2007, many in this mid-to-long-range class.

Last to join the race, Boeing lags behind Douglas' MD-11, which is already in service, and Airbus' A330, due for 1993 delivery.

Boeing's new integrated systems lab tests how electronics, hydraulics, flight controls and other operating components work together. It is expected to shave about a year off delivery time, now scheduled for May 1995. This, plus design-build teams using CATIA, "will lead to a reduction in late changes by incorporating as much production knowledge as early as possible," said Jeff Peace, Boeing's chief 777 project engineer.

"We can have a conversation with a design-build team and have [the subject] come to life in a computerized mock-up," Mr. Peace said.

"What you've got is a real-time tool to look at and judge changes," he said.

In one case, airline engineers discovered that the 777's fueling point would require changing airline fueling stands. The position would also make an engine cowling susceptible to damage from dripping fuel during refueling.

Redesigning the fueling point eliminated potential problems and saved customers' operating expenses, Mr. Peace said.

With CATIA, design drawings are digitized as multicolored solids with shading and highlighting. Images can be viewed accurately from any perspective, including cross-sections, and analyzed for weight, balance and stress together so misalignments or interference problems can quickly be corrected.

There's even a digitized "mechanic," which can be sent into holds and bays to determine accessibility for its human counterparts. And while small "verification models" are being built for some tricky areas like the landing gear, time and money spent on full-scale mock-ups is a thing of the past, Mr. Peace said.

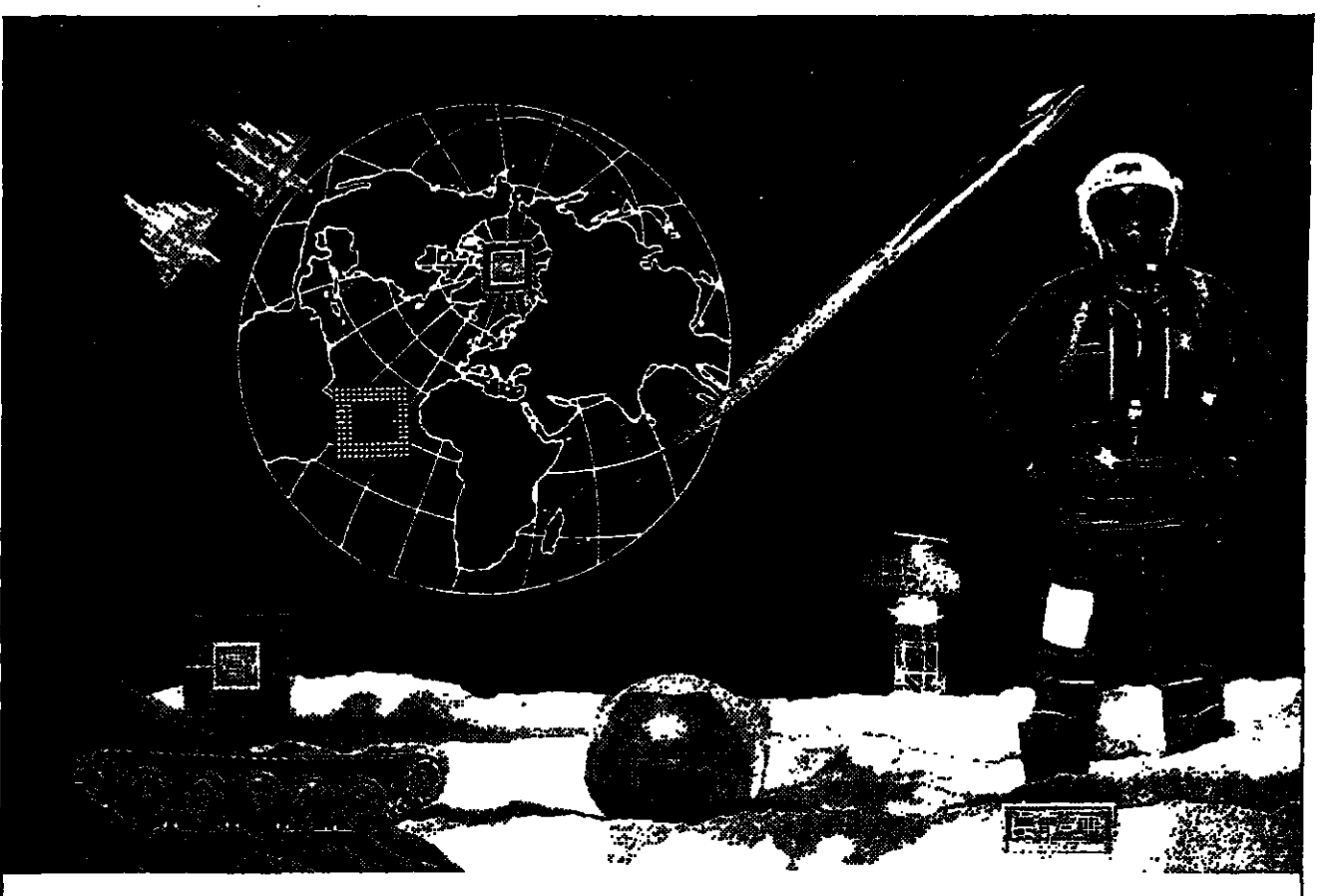
Without design-build teams stationed at Boeing or CATIA, airplane development required months of back-and-forth letter-writing as airlines ordered specs, asked for changes and sent back the information, said Jim O'Sullivan, British Airways chief 777 engineer. Now the information is just called up on a screen.

Airlines once felt that one way to get Boeing to budge on demands was to "make them feel uncomfortable" by complaining through chain of command or embarrassing the company publicly, Mr. O'Sullivan said.

Disputes are now washed out within days — with negotiations behind closed doors.

"Access demands responsibility," Mr. O'Sullivan said. "Working together, you build relationships and trust instead of trying to dance around the issues. When you do that trace-off, flexibility wins every time."

ROBERT FRANK is a staff writer for the Orange County [California] Register.



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BANGKOK AIRPORT

Russian Warplanes Chase Hard Currency

By Robert Bailey

LONDON — A particular focus of attention at the 1992 Farnborough Air Show this week is the major effort being mounted by Russian aircraft manufacturers such as Mikoyan, Sukhoi and Yakovlev to project their design competence in a bid to attract foreign collaboration and finance as well as win orders for their combat aircraft.

However, even though the show is one of the largest in the history of the event, it cannot disguise the fact that both Russian producers of military aircraft as well as their Western counterparts are facing a crisis. The Cold War is over and with it the costly requirement by air forces for an endless development of new weapons systems.

With the fall of political barriers, Moscow is trying hard to enter markets such as the Gulf, which hitherto have been the preserve of Western manufacturers.

In May, following a visit to the United Arab Emirates, the Russian foreign minister, Andrei V. Kozlov, was quoted by Izvestia as saying: "I am not shielding the fact that this visit was a move in a struggle for markets, including the arms markets. We have developed a huge military-industrial complex and now profitable markets for exporting Russian products have to be found."

Izvestia suggested that the emirates were likely to buy a number of Sukhoi-26TK ground attack aircraft, one of which had been displayed at last November's Dubai air show.

There have also been reports this year that Iran is seeking a \$2.2 billion deal with Russia to obtain 110 aircraft as well as refits for the 115 Iraqi warplanes that were ferried to Iranian airfields during the Gulf war and which Tehran has decided to keep. New deliveries reportedly include 48 MiG-29s, 24 MiG-31s, 24 MiG-27s, 12 Tupolev-22 bombers and 2 Yushin Il-76 AWACS-type aircraft.

The biggest casualty of the new era after the Cold War seems likely to be the European Fighter Aircraft (EFA), with Germany adamant that it will not go ahead with the project, at least as it stands, ostensibly for cost reasons.

France has also put back acquisition of the Dassault-developed Rafale fighter until the end of the 1990s at the earliest. Whether the U.S. F-22 advanced tactical fighter project will survive intact remains to be seen.

The multibillion-dollar program envisages 750 F-22s, now under development by a consortium of Lockheed, General Dynamics and Boeing, being delivered to the U.S. Air Force starting in 2002. The order will sustain America's aerospace industry as a top-line military aircraft producer well into the next century.

Without a go-ahead for the EFA, many see Europe's capability to produce combat aircraft



Tail plane emblem of Su-25, designed "Frogfoot" by NATO.

detachment. The scene will change after November if the EFA is written off. Then, one of the most intense American marketing efforts ever mounted in Europe will be made.

Other markets will also be affected by the November meeting's outcome. McDonnell Douglas has stated that Saudi Arabia is likely to purchase the Eurofighter, particularly if it is denied future deliveries of F-15s.

An end to the EFA would mean that, in the future, only France would be in a position to address key export markets such as the Middle East in competition with the United States and Russia, with the latter keen to carve out new markets.

There is little doubt that the former Soviet republics, and in particular Russia, which inherited 85 percent of the former Soviet Union's aerospace industry, desperately needs the foreign exchange generated by export income to sustain their defense industries.

Without hard currency, new development programs are likely to collapse. The Sukhoi Design Bureau chief, Vladimir Babak, says the bureau seeks to involve foreign partners in development of its Sukhoi Su-37 multirole combat aircraft. Yakovlev similarly is hoping to find foreign funding for development of its Yak-141 supersonic advanced short takeoff/vertical landing fighter.

There seems, though, to be a certain naivete on the part of Russian designers, who, while gifted engineers and often brilliant in their product concepts, have little knowledge or understanding of the realities of free market economics or financial risk.

COLLABORATION with Western companies, even in the civil field, is proving slowly to develop. Virtually nothing has been heard, for example, of the link between Sukhoi and Gulfstream of the United States, much heralded at the 1989 Paris Air Show, when it was announced that the two would work on plans for a super-sonic business jet.

Pressure by the Russian side for full-scale development of a prototype has received the cold shoulder from Gulfstream.

Boeing Commercial Airplane Group, though, has recently said it would work on plans to set up a technical research center near Moscow, which it has undertaken to finance. This will be aimed at tapping potential Russian knowledge in metallurgy, mathematics, aerodynamics and computer software.

The end of the Cold War may in the years to come allow the emergence of a genuinely global aerospace industry, but that would take time to develop — perhaps too long for today's hard-pressed defense manufacturing sector.

as likely to erode steadily with a consequent loss of jobs and expertise. But the German defense minister, Volker Rube, argues strongly that the EFA is an anachronism in the post-Cold War environment.

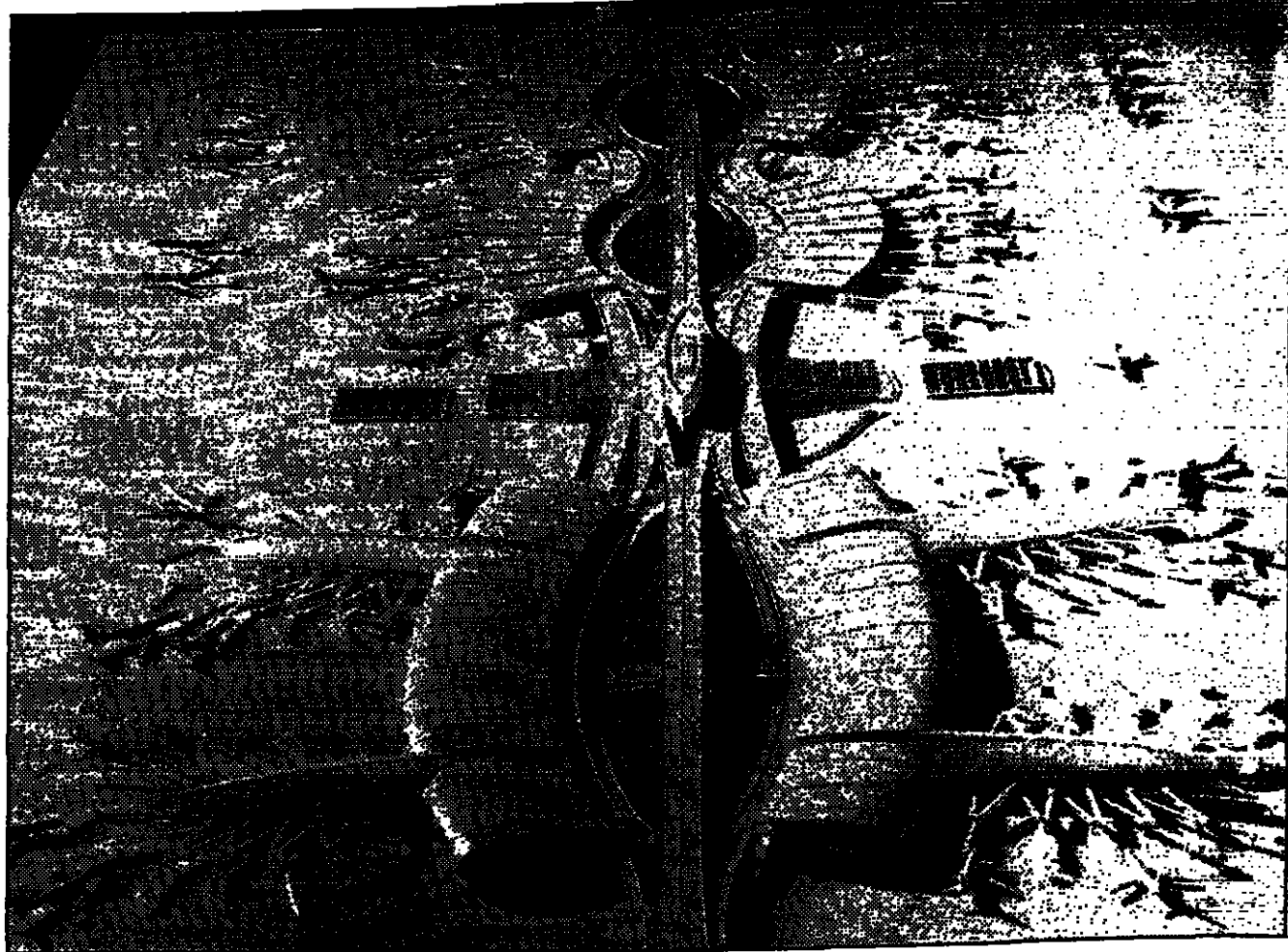
Debate also rages over the cost of producing the EFA. The German government has assessed the price of each aircraft at \$95 million. Attempts are being made to reduce the ultimate "fly away" price to a considerably lower level.

There seems little chance of compromise at the next meeting of the participating countries defense ministers in November. Mr. Rube insists that the Jäger-90 project, as it is known in Germany, is dead and that the only hope of continuing with Britain, Italy and Spain is on the basis of developing a new "lighter and cheaper" fighter.

British Aerospace's managing director, John Weston, has suggested that his company could still meet the Royal Air Force's requirement for 250 EFAs within a three-nation program for no increased cost. But going it alone seems unlikely and purchase of U.S. aircraft the most likely fallback option for Britain as well as its other EFA partners.

The demise of the EFA program would come as a relief to U.S. aerospace companies, which, like expectant beneficiaries from an impending bereavement, are feigning a polite

ROBERT BAILEY is a London-based writer specializing in aviation and technology.



At Charles de Gaulle airport, a new terminal 3, foreground, will be connected to terminal 2 by a train station.

France Promotes 'Golden Hub' Airport

Continued from page 1

the authority has budgeted 12 billion francs for infrastructure development.

Jean Fleury, the newly appointed president of ADP, said this strategy has already begun to pay off. "We have already obtained good results, not only with Air France, which is to be expected, but with both American and Asian airlines," Mr. Fleury said. A quarter of the traffic at Roissy-Charles de Gaulle, he said, is composed of in-transit passengers.

The Paris airports in 1991 handled 45.3 million people, a 3.3 percent decline from 1990, and 653,000 tons of cargo, down 2.2 percent. It was the first decline in traffic registered by ADP since 1968.

In 1991, Paris was the second-ranked airport complex for passenger traffic behind London, with 60.7 million passengers at its four airports. Frankfurt was third with 27.9 million passengers. For freight, however, Paris was third, behind Frankfurt, with 1 million tons, and London, with 898,000 tons.

Despite the 1991 setback, ADP still is counting on an average 5 percent growth in passen-

ger traffic, which would result in 60 million passengers in 1996.

To prepare for this load, the authority is focusing on Roissy-Charles de Gaulle (CDG), located in a rural zone northeast of Paris, which has abundant space for expansion. With 21.9 million passengers in 1991, CDG could be expanded to a theoretical capacity limit of 80 million. Only, located south of Paris in a suburban zone, handled 23.2 million passengers last year, not too far below its theoretical ceiling, estimated at around 30 million.

ADP's investment program at CDG includes the completion of the fourth hall, "C," at terminal 2, set for 1993; construction of the first phase of a new terminal 3, to be in service by 1996; development of a third runway, to be ready by 1997; and construction of an interconnection station for the future northern line of the TGV high-speed train, set for 1994. This station, situated between terminals 2 and 3, will also serve an extension of the RER regional train system, running from the center of Paris, while also connecting to a new automated subway system, planned for service in 1996, that will link the three terminals with 24-passenger cars leaving every 35 seconds.

ADP is also boosting freight-handling ca-

capacity at CDG. By 1993, the airport will have in service two new air freight stations.

Smaller airports are also on the move. For example, Lyon's Satolas airport, with around 4 million passengers a year currently, is planning to spend more than 360 million francs through 1995 to expand its national and international wings, in addition to the 600 million francs being spent on a new TGV station at the airport. Bernard Chaffange, director of Satolas, said a new runway is also needed to facilitate Lyon's strategy of becoming a "regional hub." Already, he said, 12 percent of Lyon's traffic is composed of people just passing through to change planes for another destination.

According to the airport managers association, the Nice-Côte d'Azur airport, the second largest in France with 5.5 million passengers, has programmed investments of \$15 million through 1995. In the same period, Marseille's airport, with 4.5 million passengers, plans to spend 400 million francs; Toulouse, with 3 million passengers, 435 million francs; and Bordeaux, with 2.2 million passengers, 369 million francs.

JACQUES NEHER is a journalist based in Paris.

Eurofighter Will Be Leaner If Not Meaner

By Conrad de Aenlle

PARIS — If a camel is a horse designed by a committee, then the European Fighter Aircraft looks like one very expensive flying camel that is having a lot of trouble lumbering off the ground.

Although Germany put the four-country, \$40-billion project in peril when it decided two months ago to pull out, industry observers are confident that the Eurofighter will be built, maybe with the Germans and maybe not, but definitely in a downsized version.

"I think some form of European Fighter Aircraft will indeed fly, but it will be a cheaper version of the plane as we know it today," said Howard Wheelon, an aerospace analyst at the Daiwa Institute of Research in London. "I think the Germans will come to heel, but they will be seen as having their hand by dramatically reducing development costs."

Mark Lambert, editor in chief of Jane's All the World's Aircraft, also sees a happy ending to the drama, even if he isn't sure all the actors will play their scripted roles.

"My own feeling is it will come to an agreement by which the program can continue at reduced price, and Germany may or may not stay in it," he commented. The chances are "50-50, because [Chancellor Helmut] Kohl and his party are in such trouble, Germany is so pacifist and they're worried about the cost of reunification."

Bonn's reticence is easy to understand. The cost of bringing the two halves of Germany back together has been high and has produced a severe economic slump. Also, the end of the Cold War has eliminated any pressing need to heavily rearm. Defense Minister Volker Rube has promised drastic cuts in military spending and manpower.

But if Germany sees the Eurofighter as too costly, it also must realize that there are costs in not building it, as well. The new geopolitical reality has changed the type of fighter aircraft

needed by the four consortium partners (the others are Britain, Spain and Italy), but they could all benefit from adding the computer-operated, multipurpose plane to their military repertoires.

"If you have a proper, fully rounded air force, then you must have an airplane like EFA, and none of the four countries have anything like it," Mr. Lambert pointed out.

And then there is the matter of jobs, something in insufficient supply now in Germany.

"If they cancel EFA," he said, "they lose 12,000 very advanced people." By other estimates, including that of Deutsche Aerospace,

Germany must realize that there are costs in not building the plane, as well.

the chief German contractor on the project, the job loss in Germany could reach 20,000. Forecasts of job losses are twice as high in Britain.

Deutsche Aerospace is proceeding as though it expects to dive back into the program. It has gone back to the drawing board with its three partners to dream up a leaner, meaner fighting machine.

"The question is to see how much you can shrink the aircraft to save costs and maintain a system with sufficient performance for doing the tasks it must do," explained Christian Poppe, a spokesman for the Daimler-Benz subsidiary.

The study, intended to cut costs by 30 percent, is expected to be done by this fall. Then, he said, "we must see if it places all the defense ministries, then the politicians. First, it is a political question."

Clearly, politics has played as big a part in putting the EFA together as has technology. The workload was divided up in such a way as to maximize jobs, if not efficiency.

The plans called for Deutsche Aerospace to build the center fuselage and tail, while Constructions Aeronautiques de Spain would do the rear fuselage. British Aerospace was to put together the right wing, with the left wing going to Italy's Alenia. As one observer commented, if nothing else, left turns would be executed with a little more panache.

This is not the cheapest way to build an airplane.

But even though such collaborative efforts boost costs, the contractors can come out ahead in the long run, Mr. Lambert suggested. "What people have said about these big cooperative programs is they tend to cost 15 to 20 percent more than if one country had done it itself, but because of the large number built, each one costs less. EFA is not as expensive as the German political parties are claiming and is not terribly expensive for what it is."

BUT it must be made even less expensive. Ways to do that include leaving Germany out of it, a terrible idea by Deutsche Aerospace's reckoning.

"I don't think that is the decisive factor in the process of developing an airplane," Mr. Poppe said. "What is wanted by the German Ministry of Defense and the others is a cheaper aircraft in itself, an aircraft adapted by the new requirements of the security situation," but one built by the original consortium.

The contractor surely would not like another idea being tossed about: scrapping the project altogether and using surplus MiG-29s. The Soviet fighters come cheap, and Germany already has a bunch of them that were thrown into the bargain when it acquired its eastern states. That might result in short-term savings, but, again, many skilled jobs would be lost, jobs that might come in handy later.

"The MiG-29 is an excellent aircraft, but do you dare risk killing off your aerospace industry?" Mr. Wheelon asked.

U.S. Carriers Fight to Pull Out of Stall

Continued from page 1

tive. The revenue return is simply not sufficient to cover costs.

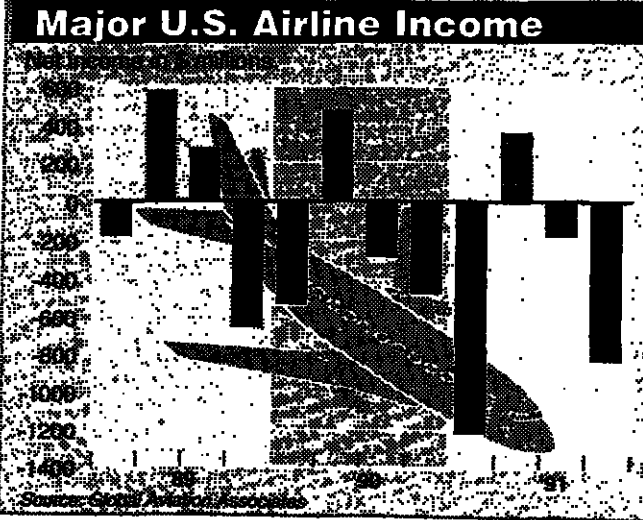
Dogfights among airlines are nothing new. They have been going on since the industry was deregulated in the late 1970s. Each carrier had the same shot at each route and each one took it. Some did it the right way, namely the big three.

"American, United and Delta, especially American, were thinking 10 years in the future," said Brian Clancy, an airline analyst at Global Aviation Associates. "People thought in the early '80s that maybe they were a little aggressive in their capital expenditure, but American Airlines has perfected the long view; they can look out 10 years."

What they saw back then was the need for the hub-and-spoke network that has become the standard system for getting people from here to there.

"With hub-and-spoke operations, it's the magic of math," Mr. Clancy explained. "When you have a hub with several spokes it becomes a factorial operation." A hub and six spokes, for instance, gives an airline 36 routes. "The weaker carriers have poorly positioned hubs and not many of them."

What they do have are a lot of expenses. "The phenomenon in the airline industry is it has not only high capital costs but high operating costs," he noted. "The airplanes are extremely expensive to buy and they're expensive to operate."



Most of those costs are fixed, including labor and debt payments on the planes, making commercial aviation a highly leveraged business. That means it is highly profitable during good times. But these, of course, are not good times.

"It's a classic case of an industry with a lot of debt suffering a decline in sales," Mr. Perkins said. "A modest decline in sales means a huge decline in the bottom line."

The recession's impact on sales is just cyclic, but other factors may hurt airline business long after a recovery takes hold. The emergence of fax machines and teleconferencing is keeping businessmen in the office instead of on the road. To try to lure them back, some airlines have cut business-class fares.

with real innovations, in the long term, they're going to keep losing market share, yet none of these guys seems to have the vision or guts to come out and innovate."

He sees no lasting solution in selling off stakes to big European airlines, as is becoming fashionable.

What the airlines need to do, Mr. Perkins suggests, is offer "a better product at the same price or the same product at a lower price." One that does the former, he said, is Midwest Express, a small carrier based in Milwaukee. He says they offer "first-class service at coach prices."

On the other end is Southwest Airlines, a "no frills, low cost" airline. "They kind of go their own way," he observed. "If a fare war develops that undercuts, they'll match, but they're not another 'me-too' airline." It is also the only consequential airline making a profit these days.

When will the others join in? Observers keep pushing back the date of an expected recovery. Mr. Murphy's best guess is the second half of 1993.

Mr. Clancy said: "1993-94 could be the golden years of the airline industry, according to some people. It's a function of how we come out of this recession. . . . My bet is [that a recovery will take hold] by 1994."

Of course, there is no telling who will be around then to recover.

CONRAD DE AENLLE is a Paris-based writer specializing in economic and financial topics.

Deals Challenge National Lines

Continued from page 1

than for individual countries. Foreign investment, which would create multinational rather than national airlines, is increasingly seen as the means to achieve that end.

"It has been my conviction for some time that a liberalization of the rules governing foreign investment would be the most effective possible challenge to the bilateral negotiating process," said Jeffrey Shupe, the U.S. assistant transportation secretary.

Yet, the old beliefs die hard. Some countries, particularly in the developing world, have emotional and practical objections to the de-

cline of the national carrier. A national airline has long been an emblem of prestige, and one of the first political acts of a newly emerging country has been to establish one.

MOREOVER, the less developed countries, particularly those dependent on tourism, say they can ill afford to place their major industry in the hands of foreigners. "As soon as there is a crisis in a country, foreign airlines draw back," said Mohammed Mekouar, president of Royal Air Maroc. "They don't have the obligation to serve us in good times and bad." Even Jean-Luc Dehaene, Belgium's new prime minister, said it would be "unthinkable" for Belgium to be without a national airline.

But it is becoming increasingly thinkable and for very specific reasons. The thawing of the Cold War has weakened the argument that civil airlines are vital to national defense. The demands of the industry for capital, from whatever

sources, are blurring the importance of the nationality issue. And many governments, plagued by debt, can no longer afford to subsidize their national carriers. That is the reason behind the moves to airline privatization in countries as diverse as Mexico and Greece.

With tougher airline competition now firmly entrenched in Europe and the United States, the trend toward consolidation of airlines will accelerate. More carriers will merge, and some national carriers will disappear. It is commonly accepted that there will only be around five major airlines in Europe by the end of the century.

Whether the benefits of more liberal investment rules will be as substantial as their supporters suggest remains to be seen. One conclusion is certain: Foreign investment will be one of the driving forces behind aviation changes in the 1990s.

RON KATZ is a free-lance journalist and aviation consultant living in London.

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Aviation / A Special Report

Airbus for the Long 'Thin' Routes

By Barry James

PARIS—This year's Farnborough Air Show in England features the public debut of Airbus Industrie's A340 jetliner, billed as the world's longest-range passenger aircraft.

The aircraft is the first four-engine jet to be built by the Toulouse-based consortium. It and its twin-engine sister, the A330, which is due to make its maiden flight in October, are designed to meet several evolutions in the world airplane market.

Typically, the A340 will be used on what the industry calls long "thin" routes, where there are not enough passengers to justify use of a Boeing 747. This could be an untested new route that a carrier is seeking to develop, or routes linking distant secondary cities with major hubs, or on trunk routes where carriers need to augment services at peak periods.

The A340 is being built in two versions. The shorter-fuselage, longer-range A340-200 will be able to carry 262 passengers distances of up to 7,850 nautical miles (14,500 kilometers). The three-class A340-300 will seat 295 passengers with a maximum range of 7,500 nautical miles, allowing nonstop flights, for example, from Southeast Asia to Europe. This version will be available to airlines from the last quarter of 1995, according to Airbus.

The Airbus A330, with a range of up to 4,700 nautical miles and capacity of 335 passengers, is designed specifically to help airlines overcome the lack of capacity at major airports. It will typically fly on medium-range trunk routes, currently served by smaller capacity jets. A later version, with higher thrust engines and an extended range of 5,500 nautical miles

enabling trans-Atlantic operations, will go into service early in 1996.

As Jan Pierson, Airbus Industrie's chief executive officer, explained in a recent speech, "Today's practice of flying a couple of 150-seaters, minutes apart, by the same airline, between two points is significantly more costly than serving the same or larger number of passengers with one crew and one airplane. Likewise, 300 passengers in one aircraft rather than 300 passengers in two airplanes, multiplied by hundreds of airways and city-pairs, would provide a great deal more elasticity and capacity in the airways system."

Not surprisingly, Airbus listened carefully to its customers before embarking on what it calls its "horses for courses" A330/A340 program, and has already captured 258 firm orders from 28 airlines, according to a spokesman for the consortium.

This represents about half the sales of medium-capacity, long-range aircraft. Boeing has sold 106 of its 777 aircraft to nine airlines for delivery starting in 1995, while McDonnell Douglas has 173 orders from 26 airlines for its MD-11.

Certification of the A340 is expected in December, with the first deliveries to Lufthansa of Germany and Air France scheduled for early the following month. The first six production A340 aircraft are being used on route-proving flights around the world. First deliveries of the A330 are scheduled for the last quarter of next year.

The development of the A330/A340 range is a key part of Airbus's strategy to gain as much of a third of the world market in all sectors. The company is developing a short-range, 130-passenger aircraft, the A319, to compete primarily on routes that are likely to open up with the

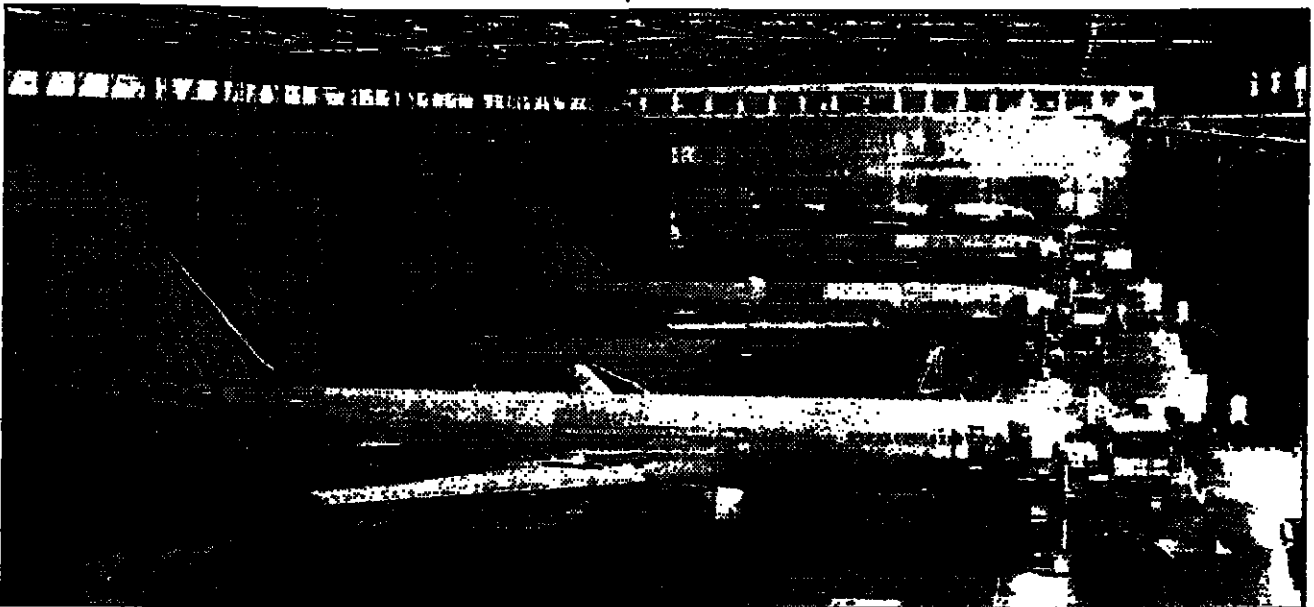
deregulation of air traffic in Europe, and is still working on the development of a jumbo jet carrying between 600 and 800 passengers to compete with the Boeing 747.

"Forecast traffic growth coupled with increasing congestion problems on the ground and in the air," Mr. Pierson said, "is now leading to an acceleration in demand for wide-body aircraft into the next century. As a consequence, average aircraft size, which now is around 174 seats, will grow to 241 seats in the next 20 years."

ALTHOUGH the A330 and the A340 are intended for different purposes, they share a common design philosophy and many of the same elements, including cockpits and computerized fly-by-wire control systems based on those of the medium-range, twin-jet A320. The system is designed to allow pilots the freedom to fly the aircraft within a permitted range of speeds, heights and maneuver levels, but prevent potentially dangerous situations such as stalling, flying too fast or maneuvering too violently.

The fuselage of both aircraft is based on that of earlier wide-body A300 and A310 jets, which are designed to carry standard freight containers under the passenger deck. The aircraft share a common tail plane and vertical fin made of weight-saving carbon fiber. The tail unit contains five tons of fuel, which is pumped as needed to maintain center-of-gravity balance in flight, an idea developed from the supersonic Concorde jet.

Airbus has refined a central maintenance system already used on the A320. The system records any malfunctions aboard the aircraft to enable ground staff to quickly locate and replace faulty equipment.



Assembly line of Airbus Industrie's A330 and A340.

The A330 and A340 also have in common a new slender wing, incorporating large up-bent winglets designed to save fuel at cruising speed. The wings have full span leading-edge slats and flaps to exert maximum lift for takeoffs and landings.

A lot of thought has gone into the internal configuration and the comfort of passengers, an important consideration on nonstop flights of 15 hours or longer. First-class business class cabins will have the option of a business center equipped with telephones, fax and telex machines linked to the ground by satellite relay.

Airbus said it has tried to "overcome the negative atmosphere of mass transportation associated with the rear cabins of other very

long-range aircraft" by providing a more spacious, airy and relaxing layout. Seats will be eight abreast, with no passenger more than one seat from the aisle. The cabins will feature large overhead luggage bins to meet passengers' demands to be able to carry on large quantities of baggage.

The aircraft is built on a modular design that allows galleys and washrooms to be positioned anywhere in the cabin.

In fact, such is the flexibility of the design that the A340 can be configured to carry between 130 passengers in spacious luxury to 440 passengers on high-density long-haul charter flights. But Airbus says the three-class layout

with less than 300 passengers will be the normal configuration.

Strictly regulated duty hours means that the A340 will usually take off with four pilots, who will fly the plane in shifts. Rather than blocking off revenue-earning seats as a rest area for the crew, the manufacturer offers the option of a sleeping compartment behind the flight deck, or a complete rest area under the floor for a seven-person crew. The under-floor rest area is built into the area occupied by a standard pallet, and can be removed if the space is needed for revenue cargo.

BARRY JAMES is on the staff of the International Herald Tribune.

Calling the Office From 35,000 Feet

Airline Telephony Arrives

By John Burgess

WASHINGTON — Passengers taking their seats aboard seven USAir jets that ply routes in the United States find a new piece of equipment awaiting them, a small video screen, mounted just above the fold-down tray table. There is also a small telephone at each seat.

The screen can be used in flight to summon up stock quotes transmitted as bursts of data from the ground or to compose fax messages to be transmitted down or to play video games. The phone works for outgoing calls.

Step by step, up-to-the-minute communications is making its way to the airline passenger cabin, once as out-of-reach as the far side of the moon. USAir's is the first cabin system to transmit with the

information consists of encoded pulses representing the ones and zeroes of computer language.

At the same time, it is drawing on satellites for service over oceans or over countries that have no ground relay stations.

In the United States, it has become a highly competitive race. In May this year, Airfone was beaten to the digital world by In-Flight Phone Corp., the company that provides USAir's links. In-Flight Phone is headed by Jack Godek, a scrappy entrepreneur who founded Airfone, then sold it to the U.S. telephone giant GTE Corp.

Airfone has laid plans to begin switching on digital service in North America early in 1993. It will offer a similar setup, with video screens and telephones at the passenger seat and a range of data services.

Satellite calls are all relayed by the global network of the Inmarsat consortium, headquartered in London.

Companies foresee a global integration of ground stations and satellites. Sensors aboard an aircraft would listen to determine if a ground station was within range, allowing a lower-cost call. Otherwise, it would connect the call through a satellite.

In-Flight Phone, for instance, is building a ground station in Greenland. The idea is that passengers on the roughly 300 daily trans-Atlantic flights will have a one-hour window as they pass the island in which they can make lower-cost calls using the ground station.

Passengers who want to receive messages while in flight must "register" electronically by punching numbers into the phones after boarding. This signals to the communications system what plane and seat they are in.

But the industry is divided over whether to allow people on the ground to call passengers directly. Airlines and regulators generally frown on the idea of a cabin full of ringing phones, saying it would disturb other passengers.

So, Airfone's digital system will not ring but will signal an incoming call by silently flashing a signal on the passenger's video screen. In-Flight Phone plans a paging system: People on the ground will request a traveler to call them back.

A satellite call from a transoceanic flight runs \$8 per minute and more.

digital technology of computers and to bring data services to the passenger.

International airlines are getting into the act, too, installing special antennas on the jets' fuselages to beam communications directly up to satellites during transoceanic flights.

The airlines involved include Lufthansa, Air France, British Airways, United Airlines, Northwest Airlines, Cathay Pacific, Qantas, Saudia, All Nippon Airways and Japan Airlines. All in all, roughly 170 aircraft, both commercial and private, are using satellite links this way.

The goal is to let the passenger do any type of communication that is possible at home or the office: telephone calls, faxes, electronic mail, data-base searching. "Modern telephony at 35,000 feet" is how Mark Schneider, vice president of marketing at U.S. aviation communications leader GTE Airfone, describes it.

Costs can be stiff: A call from the USAir jets costs \$2 a minute. A satellite call from a transoceanic flight runs \$8 per minute and more. Still, airlines are betting that enough people find the isolation of air travel sufficiently unsettling to assure a prosperous business.

Satellite calls handled by Communications Satellite Corp. of Washington, D.C., are generally running only 3-4 minutes apiece. Most seem to be of the "I'm running behind schedule" variety, rather than friendly chat or negotiations of business deals.

But, notes Elizabeth Young, the company's vice president for aeronautical services, "we certainly do see longer call traffic—sometimes quite a bit longer—coming from corporate jets. So you have to assume that the business deals are going on, too."

The business was pioneered by GTE Airfone, an Illinois company that in 1984, with a call from an American Airlines jet heading from Dallas to Chicago, inaugurated the world's first passenger phone service. Today, Airfone serves almost 1,800 aircraft plying routes in North America.

The rest of the world has been slow to follow. Europe is still working to introduce its Terrestrial Flight Telephone System, which will relay calls to a grid of ground stations, as does Airfone's.

Airfone's calls of this type are transmitted using aging analog technology that depicts conversations as variations in radio waves. Now the industry is graduating to higher-capacity, truer-to-life digital transmission, in which infor-

COMMUNICATIONS companies are fast dreaming up possible new applications. Arrest jacks into which passengers could plug laptop computers and send or receive electronic mail is one, duty-free shopping is another.

In this scenario, "customers have the ability to order something and have it waiting for them when they land," says Airfone's Mr. Schneider.

Flight attendants doubling as on-board travel agents might type on keyboards to make car and hotel reservations for passengers as planes neared landing, or new connecting flight reservations if arrival was late. Passengers might order drinks and meals using their video screens.

The American newspaper USA Today, meanwhile, has just launched an audio entertainment service called Sky Radio. It uses satellites to beam live news, weather, sports and financial information to passengers, who get it as a channel on their headsets.

The new communication channels are also coming to the cockpit to keep crew members in better touch with air traffic controllers and airline headquarters. High-frequency radio links now used may not work at all in bad weather.

JOHN BURGESS writes on business and technology for The Washington Post.

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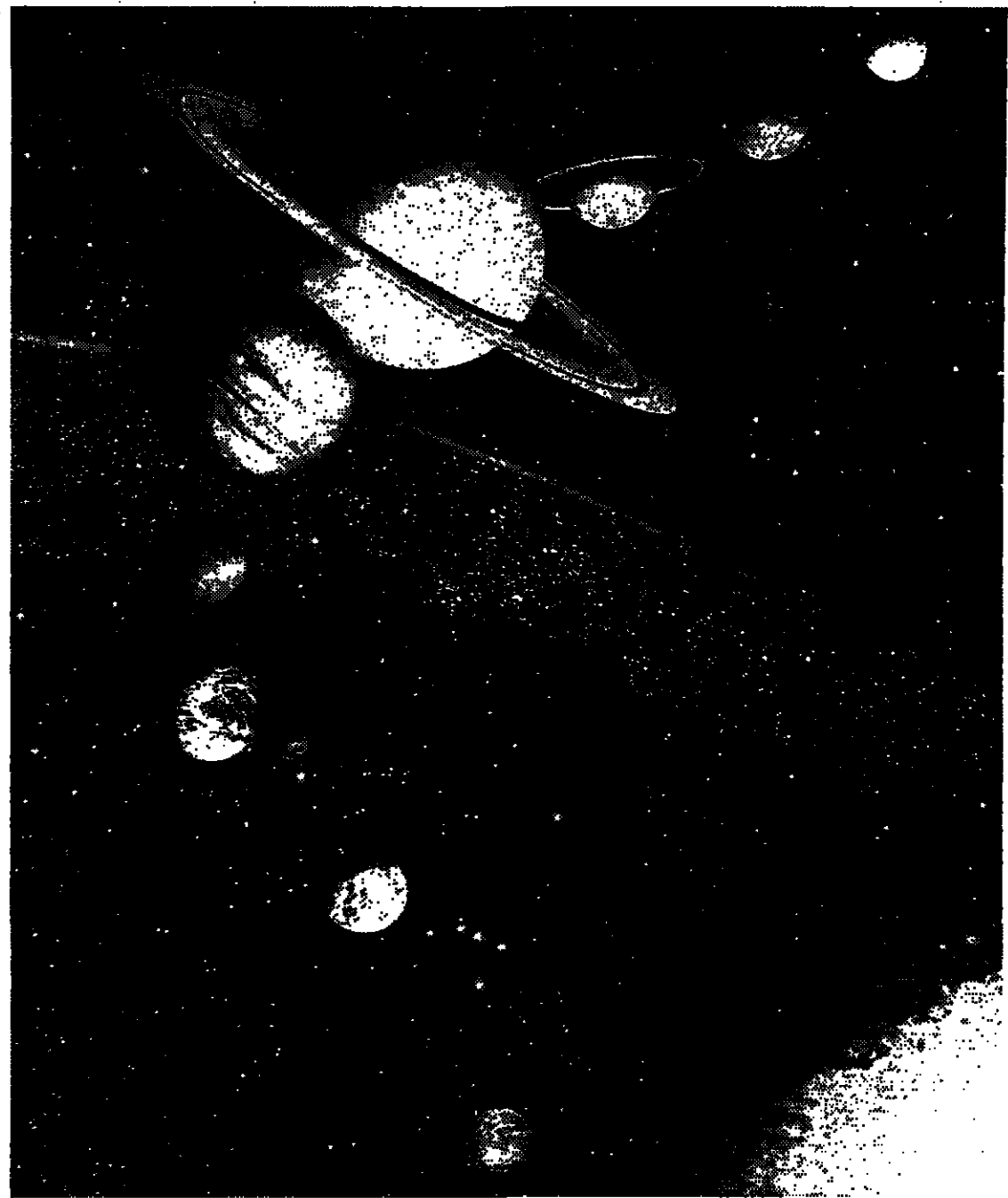
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WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London, Tel: 322 40 00. Prices may vary according to market conditions and other factors. Sept. 4

Canadian Dollars

Table of Canadian Dollar bond prices with columns for Issuer, Coupon, Maturity, Price, and Yield.

ECU Straights

Table of ECU Straight bond prices with columns for Issuer, Coupon, Maturity, Price, and Yield.

ECU Floating Rate

Table of ECU Floating Rate bond prices with columns for Issuer, Coupon, Maturity, Price, and Yield.

ECU Floating Rate

Table of ECU Floating Rate bond prices with columns for Issuer, Coupon, Maturity, Price, and Yield.

ECU Floating Rate

Table of ECU Floating Rate bond prices with columns for Issuer, Coupon, Maturity, Price, and Yield.

Yan Straights

Table of Yan Straight bond prices with columns for Issuer, Coupon, Maturity, Price, and Yield.

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Table of Yan Straight bond prices with columns for Issuer, Coupon, Maturity, Price, and Yield.

Yan Straights

Table of Yan Straight bond prices with columns for Issuer, Coupon, Maturity, Price, and Yield.

NEW YORK (AP)

Table of New York market data including bond prices and yields.

MUTUAL FUNDS

Figures as of close of trading Friday, Sept. 4

Table of Mutual Fund performance data with columns for Fund Name, Assets, and Returns.

Large table of Mutual Fund performance data with columns for Fund Name, Assets, and Returns.

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World Index

Europe

Industrial Sectors

CURRENCY RA

(Continued on page 13)

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INTERNATIONAL HERALD TRIBUNE, MONDAY, SEPTEMBER 7, 1992

CAPITAL MARKETS

Rising Political Confidence Bolsters European Bonds

By Carl Gewirtz
International Herald Tribune
PARIS — Buoyed by Britain's show of force to hold the value of sterling and by polls showing a swing of support in France for the Maastricht Treaty, European bond markets last week got a taste of what to expect if confidence can be restored in the stability of exchange rates and continued commitment to convergence in inflation performance within Europe.

Prices rose dramatically, pushing down yields on 10-year government bonds. Yields on sterling issues fell 39 basis points and on franc bonds by 32 basis points. In the European Currency Unit market, yields dropped 47 basis points, or nearly half a percentage point. The government announced that foreign-currency borrowings equal to £7.3 billion would be converted to sterling — creating demand to support it in the foreign-exchange market — and used to finance government spending that otherwise would have been raised in the domestic bond market significantly lightening the projected issuance calendar.

By contrast, the sharp move in the Ecu sector had all the earmarks of dealers marking up prices in the anticipation of yields they hope will return. "It's questionable whether the market can hold its gains," said Bob Tyley, London-based analyst at Banque Paribas. "The size of the move was not representative of substantial buying."

While he insisted "there is good value in the Ecu market," he warned the sector remained vulnerable to a French rejection of the treaty on European Community economic and monetary union in the referendum to be held Sept. 30. He said he saw greater safety in the French bond market. "There is a similar upside potential and better downside support if the vote is 'no.'"

But in France the cash market appeared more influenced by speculative positioning in the futures market than by a dramatic surge in the demand to buy bonds outright. Bankers reported that long-term investors remained cautious, preferring to watch from the sidelines and miss a good part of the rally in European bonds awaiting the outcome of the French vote on Sept. 30. Even a "yes" vote does not alleviate all of the strains within the EC's fixed exchange-rate system. The Europeans still have to struggle with the conflict of the high short-term interest rates — imposed by Germany — needed to maintain exchange rates and the lower interest rates needed to spur growth and halt the increase in unemployment.

But analysts said they expected a powerful move out of cash Deutsche marks and into long-term bonds of the neglected European markets once the doubts have been shed about the march towards economic and monetary union.

Apart from the lira, which is expected to devalue come what may, currencies like sterling and the franc, which are so near their floor

See CAPITAL, Page 11

Patent Trade Wars Pit U.S. Against Japan

By Andrew Pollack
New York Times Service
TOKYO — When Nikon Corp., the Japanese camera maker, agreed two weeks ago to pay \$45 million to Honeywell Inc. to settle patent-infringement charges, it became one of the latest casualties in what some people here are calling the "patent wars."

With increasing regularity, American companies are demanding, and winning, large royalty payments from Japanese companies for the use of patented technology. But angry Japanese companies are preparing to fight back at what they view as excessive American demands.

They are beefing up their long-neglected patent departments, actively looking for cases of infringement and suing on the American jury system, which they see as both inconvertible and biased against them. In July, Sanyo Electric Co. sued Texas Instruments in federal court in San Francisco rather than agree to pay what it called unreasonable royalties.

But there are signs that the balance is shifting. In recent years the companies receiving the most patents in the United States have been Japanese. In the future, Japanese companies may be in a position to collect large payments from American companies.

Their patent power is superior to us still," said Tadayoshi Homma, general manager of the intellectual property licensing department of Mitsubishi Electric. "In the next century, things may be different."

Some signs of that are now emerging. Honeywell's settlement with Nikon was part of a broader settlement that calls for the Minneapolis company to receive \$124.1 million from seven companies, five of them Japanese, for the use of its auto-focus tech-

nology. But one of those agreements, with Canon Inc. of Japan, requires Honeywell to review Canon's technology with a view toward paying royalties to Canon in the future. Any other harbinger of the future may be seen in Hitachi Ltd., which was rudely reminded of the importance of intellectual property in 1982, when it was caught in an FBI "sting" operation and accused of trying to steal secrets from IBM.

Hitachi, which until 1984 paid out more in royalties than it took in, last year recorded a net profit of \$110 million from royalties, helped by a special sales force that sells licenses for its technology.

"We want to aggressively utilize intellectual property rights as our big asset," said Katsuo Ogawa, general manager of Hitachi's

See PATENTS, Page 11

Politics Hold Up Jet Deals

Airbus Asserts Chinese Carriers Want 12 Planes

Compiled by Our Staff From Despatches
FARNBOROUGH, England — Airbus Industrie said Sunday that it had tentative pacts to sell various Chinese airlines 12 passenger aircraft for \$1.5 billion, but the deals were blocked by political problems.

Jean Pierson, the Airbus managing director, said the European aircraft consortium hoped to conclude the deals by the end of the year, but he refused to identify the problems holding them up.

"The difficulty of the situation is linked to political problems between two governments," he said.

The problem is not in our hands. Industry executives who asked not to be named said the sticking point was China's anger at French efforts to sell Mirage fighter planes to Taiwan, over which China claims sovereignty.

The United States last week said it planned to sell F-16 fighters to Taiwan, ruling out a Mirage sale, but the Chinese apparently remain annoyed at France. To smooth relations, France has proposed supplying electronic radar gear for MiG-29s China is buying from Russia.

Mr. Pierson said the sales included six A-330, twin-engine jets, which can seat 335 people, and six twin-engine A-300-600, a 256-person model. He also said United Parcel Service of America Inc. is talking to Airbus about buying about 35 A-300-600 freighters.

But, he added, the downturn in worldwide aviation would probably last at least another year, and may force Airbus to further curtail its short-term production schedule. (Reuters, Bloomberg)

A Kind of Hush Settles On Currency Markets

International Herald Tribune
PARIS — The frenzy appears to be gone, leaving the foreign-exchange market anxiously counting the days until the outcome of the French referendum, which will be the next occasion for turmoil, according to analysts.

The one exception is the lira, which is expected to remain under daily pressure. Devaluation is widely considered inevitable, regardless of how France votes on the Maastricht Treaty for European Community economic and monetary union in its Sept. 30 referendum.

Italy was isolated as the EC country with the weakest and most suspect currency last week when Britain stumped foreign-exchange traders by announcing it had arranged to borrow the equivalent of \$7.3 billion (\$14.5 billion) in foreign currency to support sterling.

Conversion of the loans, mostly in Deutsche marks, would create demand for sterling and eliminate the immediate need for Britain to raise interest rates. Doubts that the government could afford to boost rates, given the severity of the recession, fed expectations of a forced realignment of exchange rates throughout the European Community.

"The basic message to potential speculators is 'don't mess with us,'" said the weekly report of the London-based James Capel & Co. Sterling closed below its best level of the week, but at 2.8 DM, the pound remained comfortably above its floor level of 2.7780 DM, where it had hovered prior to the announcement.

By significantly reducing tensions within the Community's fixed exchange-rate mechanism, the British also contributed to easing the strains on the dollar.

While the U.S. currency has its own worries, the dollar inevitably gets entangled in the intra-European problems. A sell-off of European currencies for purchases of marks invariably promotes weakness of the dollar against the mark also.

This does not mean the dollar is out of danger. Its biggest burden is

See DOLLAR, Page 11

Crippling GM Strike Called Off

By Frank Swoboda and Warren Brown
Washington Post Service
Members of a United Auto Workers union local voted to end a crippling nine-day strike at a General Motors Corp. plant in Ohio in a showdown viewed by many Wall Street analysts as an early test of the company's ability to carry out a reorganization plan involving the loss of thousands of jobs.

The agreement, which was overwhelmingly approved Saturday by the local union membership, appeared to be at least a temporary victory for the union as GM pursues plans to close 21 plants and eliminate more than 74,000 jobs over the next three years.

Since the start of the strike, many Wall Street analysts have said they considered the walkout a test of strength between GM and the union over the company's ability to carry out the massive restructuring plan.

Shortly after the agreement was approved, GM officials announced that operations at the struck plant in Lordstown, Ohio, would resume with the start of the third shift Saturday night and continue through the holiday weekend in an effort to restore operations quickly at nine GM assembly plants that had been idled because of the strike at the parts plant, putting more than 40,000 people out of work.

Although complete details of the agreement were not immediately clear, union officials said the company had backed down from its original plan to eliminate 240 skilled-trade jobs at the Lordstown operation and relocate them to other GM stamping plants.

The strike began Aug. 27 over grievances that objected to the elimination of skilled-trade jobs as well as health and safety issues, which also were resolved Saturday. The dispute did not involve the basic contract.

Earlier last week, to avoid a strike at the neighboring assembly plant in Lordstown, GM agreed to add 600 jobs to the operation there and fill them with laid-off union members.

Despite this apparent concession to the union at Lordstown, Gerald Knechtel, GM's vice president for personnel, said the agreements would not interfere with the company's restructuring plans.

This agreement does not impinge on our ability to meet our restructuring targets while providing job and income security and addressing other needs of the employees of that operation," he said.

The automaker has been under heavy pressure from outside members of its board of directors and Wall Street investors to streamline its operations and reduce the number of car models it produces. GM announced the restructuring last year after posting a loss of more than \$7 billion in 1991 in its core car operations in North America.

Although GM and union officials have insisted that the Lordstown strike was strictly a local dispute and not part of a national union strategy to soften up the company for next year's contract negotiations, the job security terms of the weekend agreement are likely to help set the rules of engagement for the next bargaining round. Union contracts with GM, Ford Motor Co. and Chrysler Corp. expire in September 1993.

After Saturday's ratification meeting, the United Auto Workers regional director, Warren Davis, issued a statement warning that the agreement may not be the end of GM's disputes with the union.

"I am sure that as General Motors continues to work at becoming more efficient and cost-effective, many local unions at other locations will have to repeat the lessons we taught GM here," Mr. Davis said.

London Notebook

Time for a Bundesbank of England?

With the pound under pressure, pressure that will only intensify if French voters reject the Maastricht Treaty on Sept. 30, many economists are suggesting that the time has come to take responsibility for monetary policy out of the hands of the Treasury and give it to an independent Bank of England.

That step, it is argued, would go a long way toward convincing the markets that Britain would do the right thing, and not merely the politically expedient thing, when it comes to monetary policy. "The market would like to know that monetary policy is geared to economic cycles, not political cycles," said Savar Savoury, an economist with the Hoare Govett brokerage.

The problem is getting there. Mr. Savoury himself admits that taking such a step now would be like "turning over the wheel to a new captain in the midst of a storm." That transfer of power could be disastrous for the already iffy image of the chancellor of the Exchequer, Norman Lamont, not to mention hazardous for the ship itself.

What is more, bad as Britain's record has been on monetary policy over the last twenty years, turning the whole lot over to the Bank of England — which has no track record whatsoever — would not necessarily accomplish much. "Credibility is not something you just pluck out of the air," said David Smith, an economist for the brokerage Williams deBroere. He insisted that it is the product of a accumulation of years of hard decisions. "The markets would want to see the Bank of England doing hard, cruel and painful things for years before they gave it any credibility," he said.

With that kind of hard slog ahead, it is little wonder that some economists argue that in fact the worst thing they could imagine right now is an independent British central bank. "If you look at the Bundesbank, you might say that an independent central bank would keep interest rates too high for too long," said Neil MacKinnon, chief economist for Yamachi International.

The situation may not be completely hopeless. True, the Bank of England has no track record, and, worse, it may well be chock-a-block with old-school Keynesians, but its governor is soon to retire. By taking the

admittedly fanciful step of naming the ex-Bundesbank head Karl Otto Pöhl to the post, Mr. Smith argued that all problems would be solved, and indeed that the bank might find itself with so much credibility to spend that it could slash three percentage points off the base interest rate.

Now, Lloyd's: The Video

Having sent hundreds of its members into bankruptcy, Lloyd's of London, the unprofitable international insurance exchange, will this week reveal another side of itself. The market, in the words of a 40-minute color video due out this week and destined for members' screens, "now stands revealed as what it has always been — a lively commercial marketplace that enjoys the support of the majority of its members."

Having had losses of £2 billion (\$3.98 billion) in its most recent financial year, 1989, and with further losses expected in the years 1990 and 1991 as well, this video venture into the land of optimism may strike some as implausible. Few, however, would question its need. "The overriding message is don't leave, better times are almost with us," said Martin Leach, a Lloyd's spokesman.

In fact, Lloyd's has surprised even itself recently with just how many of its members are sticking around. Last year 2,000 members had fled the market by this time of the year, compared with only 700 this year. What is more, in a recent vote, more than 80 percent of the ballots were cast in favor of a motion expressing confidence in the rating council of Lloyd's.

Market participants have so far pinned much of their hope on 1992. Although those results will not be reported for three more years, 1992 is nonetheless expected to be the year that Lloyd's becomes profitable again. The hurricane designated Andrew, however, may postpone that a bit. "Our losses don't look so bad but it is still too early to tell," said Mr. Leach.

In addition to releasing its video, Lloyd's this week will save up a bit of hoopla for the naming of its new chief executive. After an extensive search the job is widely reported to have been offered to Peter Middleton, chief executive of travel agent Thomas Cook.

View From Canary Wharf

Beginning this Saturday, views from the top of the world's tallest bankrupt building, the 50-story tower at London's Canary Wharf, will be within the reach of anyone who can afford the elevator fare of £3.

As spectacular as the views are from the top of the tower, no one is predicting that Canary Wharf has at last found its niche. "This is not being done to pay off the project's debts," cautioned Paul Desmond, a spokesman for the project's administrators, Ernst & Young. "That would take 200 million people."

Ernst & Young's Steven Adamson, who has been trying to lure new investors into the project or to sell it off, reported late last month that the process, which began three months ago, could well drag on beyond the end of the year. If it does, Canary Wharf's bankers, who are already owed £570 million, may have to write new loans to keep the project, which is only 14 percent occupied.

Cowboys and Copiers

It is time to circle the wagons, advises the Confederation of British Industry, the self-professed voice of the business community. It recently warned its quarter of a million members that scores of what it termed "cowboy copier salesmen" were prowling the all-too-lush local landscape. Worse yet, some of them are reputed to be quite "smooth-talking."

It seems hundreds of companies have signed nine-year contracts for machines that typically last only three, contracts that commit the company in fine print to paying extortionate sums for each copy they make. Unfortunately, laws that protect consumers against such forms of abuse do not apply to companies, which are presumed to be smarter.

"Vigilance is vital," advised Judith Vincent, responsible for consumer law at the confederation. Luckily the confederation is on the case, leading its fullest support to the Campaign to Clean up Copier Contracts.

Eric Ipsen

Waigel Won't Rule Out More German Tax Rises

BONN — Chancellor Helmut Kohl and coalition party leaders were scheduled to meet late Sunday for budget talks with finance minister Theo Waigel declined to rule out further tax rises in a published interview.

A government official, who declined to be named, said Mr. Kohl and key politicians would discuss proposals for funding Germany's huge bill for reunification before this week's 1993 budget debate in parliament.

Mr. Waigel said in an interview with the newspaper Welt am Sonntag that the financial problems stemming from reunification had so far been covered by budget savings and modest increases in debt. But he was careful not to rule out other possibilities when he was asked about tax increases.

"No one can tell what the future holds, or what the situation will be in two or three years," he said. He said the government had not exhausted available credit facilities

and that federal debt had actually fallen steadily. Bonn has already once gone back on an election promise to not raise taxes to pay for reunification.

Mr. Waigel said the federal budget for 1993 to be discussed next week foresaw outlays of around 92 billion Deutsche marks (\$64.3 billion) to pay for German unity. The figure amounted to about 86 billion DM in 1992.

Mr. Waigel said he saw no need for disagreement between his Christian Social Union and its larger coalition sister party, Chancellor Helmut Kohl's Christian Democratic Party, about that party's proposal for a solidarity pact.

The Christian Democrats said Friday they had drawn up an outline for a solidarity pact aimed at slowing wage increases and including a proposal for a bond targeted toward high-wage earners.

Mr. Waigel said he opposed the idea of a compulsory bond but repeated his own proposal for a tax-free bond issue paying a low interest rate.

THE TRIB INDEX. International Herald Tribune World Stock Index, composed of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News. Week ending September 4, daily closes, Jan. 1992 = 100. Includes charts for World Index, Asia/Pacific, Europe, and North America, and a table of Industrial Sectors/Weekend close.

CURRENCY RATES. Table showing exchange rates for various currencies including American, British, French, German, Japanese, etc.

Other Dollar Values. Table showing values for various currencies like Australian, Canadian, Hong Kong, Indian, etc.

Argentina Privatizing, and Perking Up

By Nathaniel C. Nash
New York Times Service

BUENOS AIRES — For decades, Argentine business has been a kind of secret society. The economy was dominated by huge state industries. And amid inflation and military coups, the big money was made by family-controlled oligopolies and monopolies that contracted with the government.

Intense lobbying, close ties with the military and political groups and payoffs at almost every level reaped lucrative contracts to build power plants, roads, bridges and dams.

But the old ways are changing, as the government of President Carlos Menem sails off by the middle of next year a host of state-run businesses that were losing \$5 billion a year.

Argentina's four major industrial concerns — Perez Companac, Techint, Comercial del Plata and Astra — have not missed the opportunity to buy and are expected to end up with the

concentration of power. Their efforts are already improving services and capital-investment flows, and should bring almost \$20 billion in cash and debt reduction.

On one railroad line running from the industrial city of Rosario to the port of Bahia Blanca, employment has already been cut from 4,000 to 1,000 and trains run on time since the Techint group took over management of the line.

For the first time in years, millions of dollars of new investment is pouring into Argentina's telephone system, which has been famous for not functioning.

"All the big groups now realize there is no more money to be made from the state," said Miguel Angel Broda, an independent economist. "They now realize the best business is buying the goods of the state. They are finding that with only modest changes, good management and investment, these can be very profitable enterprises."

Indeed, the once unprofitable state telephone

company sold in late 1990 is generating almost \$400 million a year in profits. Nearly abandoned oil wells of the government oil company, Yacimientos Petroliferos Fiscales, are yielding big returns with only modest investments in secondary recovery techniques.

While most U.S. investors, wary of Argentina's penchant for strident nationalism and anti-Americanism, are staying on the sidelines, the Argentine groups have brought in Italian, Spanish, Chilean and French partners.

Foreign investors say the business climate is among the most favorable in the Third World. Perhaps more than any other Latin American country, Argentina has deregulated its economy, opened its capital markets, lowered barriers to trade and cut red tape.

Most in Argentina agree there is little alternative to privatization, even though the short-run effects include thousands of people forced to find new work and generally higher prices for consumer goods.

BusinessWeek International. This week's topics: Europe's Shakeout: The Race To Restructure, Europe's New Managers, Bush Sells F-16s To Taiwan, Japan Dulls The Pain, NAFTA's Cheering Section. Now available at your newsstand!

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Sept. 4.

Table of OTC Consolidated trading for week ended Friday, Sept. 4. Columns include: Symbol, Sales, High, Low, Close, Net Change. Lists various stocks like AAW, ABE, ABEA, etc.

Main table of stock market data. Columns include: Symbol, Sales, High, Low, Close, Net Change. Lists numerous stocks such as ABE, ABEA, ABEI, etc.

- The dollar crisis
● The U.S. election
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Continuation of stock market data from the main table, listing various international and domestic stocks.

Vertical text on the right edge of the page, including 'New Inter', 'DOLLAR: 190', and 'MENTS: Japn'.

Handwritten Arabic text at the bottom center of the page.

New International Bond Issues

Compiled by Lawrence Desvillettes

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price and week, Terms. Includes sections for Floating Rate Notes, Fixed-Coupons, and Equity-Linked.

Sinking Economy Drags Bond Yields Down With It

NEW YORK — Bond prices are expected to extend their summer rally this week, benefiting from sliding interest rates that reflect the precarious state of the U.S. economy.

U.S. CREDIT MARKETS

lowering its target rate on federal funds, the overnight interbank loans that form a floor for yields in the U.S. credit markets, to 3 percent from 3.25 percent.

outside the White House paid much attention. "The market rallied instantly on the news of payrolls, which were shockingly low," said Kevin Logan, chief economist at Swiss Bank Corp. Government Securities.

lowest ever, having slipped below 4 percent, to 3.86 percent on Friday. A week earlier the yield was 4.17 percent.

The Fed's 23 previous cuts in short-term interest rates since 1989 have apparently failed to get the economy moving, so the central bank's cautious quarter-point reduction on Friday was judged by several economists and traders to be far short of what was needed.

They acknowledged concerns about a weak dollar, which has plunged to a string of lows recently against the Deutsche mark, are probably hemming the Fed in. But, they said, given the weakness uncovered by the unexpected jobs data, the Fed must act emphatically.

"The Fed should say the dollar is damned and lower interest rates," said Robert A. Brusca, the chief economist at Nikko Securities Inc. in New York.

But the bad employment numbers make it likely that whoever is elected president in November will try to stimulate the economy with spending and perhaps tax cuts, moves that would increase the record federal budget deficit. Worries about the resulting inflationary pressures could soon begin to trouble the bond market, slowing the decline in long-term interest rates.

Taiwan Aerospace Claims Bae Deal

TAIPEI — Taiwan Aerospace Corp. said it had clinched a joint venture with British Aerospace PLC to make medium- and short-haul passenger jets.

At the Farnborough Air Show in Britain, however, BAE said on Sunday it was still holding talks with potential partners for its regional aircraft unit, and it refused to confirm that it had struck a \$400 million deal.

In Taiwan, Denny Ko, Taiwan Aerospace manager, said, "The

planned 10 billion Taiwan dollar deal with the British aircraft maker is suitable for development of the fledgling aviation industry here."

Mr. Ko said the deal also involved component manufacturing, aircraft design and research.

He added that Taiwan Aerospace was keeping close contact with two other leading jet-makers, Boeing Co. of Seattle and Airbus Industrie, the European Consortium.

Taiwan Aerospace, 29 percent government-owned, signed a memorandum of understanding in November with McDonnell Douglas Corp. to buy 40 percent of the U.S. company's commercial aircraft unit for \$2 billion, with most of the investment targeted to developing the MD-12, a 600-passenger long-haul jet.

But after criticism that the investment would be too risky, Taiwan Aerospace in May made a separate proposal, offering to order 20 MD-12 jets for \$2 billion to \$2.5 billion. No decision was made by either side before the memorandum expired in late June, prompting speculation that the joint-venture deal had died.

According to the Economic Ministry, Taiwan's aerospace production will yield \$6 billion a year in 2001, up from \$500 million in 1990.

Separately, BAE said Sunday that its regional aircraft subsidiary sold six Jet Stream Super 31 aircraft to Transport Aérien Transrégional of France in a \$25 million deal. The planes seat eight to 12 passengers each. So far, BAE has delivered 365 Jet Stream 31s worldwide.

(AFP, Bloomberg)

BUSINESS BRIEFS

Gulfstream Chief Sells Stake

FARNBOROUGH, England (Combined Dispatches) — Forstmann Little & Co., the New York venture capital company, said Sunday it had invested \$250 million into its Gulfstream Aerospace Corp. unit to buy out the 30 percent stake held by company's chairman and cut bank debt.

Brian Little, a partner in Forstmann Little, said part of the \$250 million investment would be used to acquire the stake held by Allen Paulson, with the remainder to be invested in the company to help pay off its bank debt and fund new aircraft programs.

Forstmann Little, which now owns 70 percent, and Mr. Paulson bought Gulfstream from Chrysler Corp. in 1990 for about \$800 million. Mr. Little said, Mr. Paulson, 70, is to remain as chairman of the business-jet maker.

Mr. Little said the \$250 million would be split into \$100 million in equity and \$150 million of subordinated debt. He refused to say how much Mr. Paulson would get, although he said it would be well below half the \$250 million. The strengthening of Gulfstream's capital structure follows its cancellation of a \$100 million initial public offering.

(Reuters, Bloomberg)

China Bans Private Finance Units

BEIJING (AFP) — The Chinese government has banned private financial institutions, according to a report seen here Sunday. A recent State Council decision ordered the closing of all existing institutions, the report by the China Consumer News said.

Private credit agencies have cropped up to serve companies that they involved high risk and were badly managed, the paper said. China is restructuring its financial sector but wants to keep control under the central bank.

San Miguel Signs Indonesian Deal

MANILA (AFP) — San Miguel Corp. said Saturday it had signed a deal with PT Mantrus of Indonesia to buy a 58.8 percent stake in Delta Jakarta, a leading Indonesian brewery, for \$42 million.

San Miguel, a beer-based conglomerate, said it would take over the competitive bidding. It added the purchase would be made together with an unnamed Indonesian company. Delta commands about 40 percent of the Indonesian beer market.

Italy Posts Trade Surplus for July

ROME (Reuters) — The battered Italian economy received a welcome boost at the weekend, when official figures showed the country had a 1.248 trillion (\$1.14 billion) surplus on its foreign trade in July.

The improvement from a 736 billion lire June deficit came from a boost in exports of food and chemicals. Italy has already reported a record 10.52 trillion lire balance-of-payments deficit for July.

CAPITAL: Renewed Political Confidence Gives a Boost to EC Issuers

(Continued from first finance page) levels, will have to move up. As for interest rates, held so high for so long, analysts see limited danger of European governments throwing in the towel after a favorable French vote when Germany appears to be only a few months away from an economic slowdown that will oblige the Bundesbank to ease German rates.

"Yes, the European markets look cheap, but there's still a risk the French could vote 'no' and still a risk that could trigger a currency realignment within the EMS," said a London-based banker. "My clients are willing to miss the spike up

in European bond prices for the certainty of waiting until after the French vote.

The continued flow of dollar issues — particularly subordinated floating-rate notes offering starting interest rates nearly 2 percentage points higher than prevailing money-market rates — demonstrates steady demand for U.S. dollars. But it was unclear whether this was new money buying into cheap dollars or if it was dollar income being reinvested because it was too expensive to move into European securities at current exchange rates.

Last week saw eight issues totaling \$725 million of such floating-rate notes launched, far outdistancing the two issues totaling \$250 million of fixed-coupon dollar bonds.

Japanese issuers were active last week, offering both floating-rate and fixed-coupon yen paper — much of which appeared to be destined to finance maturing bonds sold with equity warrants that currently are worthless because of the weak Tokyo stock market.

Hankyu, which sold 10 billion yen of four-year floating-rate notes and 20 billion yen of 10-year bonds, has \$200 million of warrant bonds maturing at the end of this month.

Japan Air Lines offered 30 billion yen of fixed coupon seven- and 10-year bonds. It has \$1 billion of warrant bonds maturing in April.

Sapporo Breweries offered 20 billion yen of floating-rate notes and has \$500 million of warrant bonds maturing next June.

Sumitomo Chemical offered 15 billion yen of five-year floating-rate notes and 10 billion yen of seven-year bonds. It has \$400 million of warrant bonds maturing in February.

The bulk of this paper is being sold to investors in Japan. Bankers report small interest elsewhere in yen-denominated bonds.

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DOLLAR: After the Fall, a Hush Settles on Foreign-Exchange Markets

(Continued from first finance page) the gap between short-term U.S. and German interest rates, which widened on Friday. The Federal Reserve Board allowed the cost of overnight money to drop 0.25 percentage point, to 3 percent, following a dismal Labor Department report that employment fell in August.

This nudged the interest-rate gap up 0.125 of a point, to 6.675 percentage points in favor of Germany.

[Richard G. Darman, director of the Office of Management and Budget, said Sunday he did not expect a wholesale move by international investors to withdraw from the dollar, despite the interest rate differentials, Bloomberg Business News reported from Washington.

"I wouldn't expect a flight from the dollar," said Mr. Darman. He added that investors would not pull out of the dollar because the United States has the world's leading economy. But, he added, the German central bank was weakening the dollar by its policy of keeping rates high. "The policies of the

Bundesbank are contributing to the current problem," he said.

By the end of trading last week, the dollar was down 3 pence from its high of the day to close at 1.4017 DM — still above its weakest level of 1.3940 DM, which is also its all-time closing low.

Analysts warned that the dollar remained vulnerable to further declines against the mark. But they also say that the mood has changed.

"There is no real will to push it lower," said Simon Crane, a London-based adviser to bank traders. "The downturn is intact, but it has no significant pace. Market forces, genuine supply and demand, will dictate its level. Speculators are on the sidelines for now."

James P. Borden at Chase Manhattan Bank in New York concurred that the pressure on the dollar was dissipating. "I'm not saying it might not go lower, but it is finding firmer footing — it's in a process of overshooting, and it's a question how much weaker it can get."

David S. Fuller, the London-based publisher of Chart Analysis Ltd. who months ago was forecasting

the dollar would fall to a record low this year, said he believed "we are close to, but probably have not seen the final low."

He said that the increased volatility — daily moves of 3 pence or more — is a sign of a turn, the dollar is not far off its eventual low.

Trading this week will be truncated by the U.S. Labor Day holiday on Monday and further subdued by uncertainty about the outcome of the French vote. A meeting of the weekend of the referendum by the top Group of Seven finance officials and central bankers in Washington prior to the annual meeting of the International Monetary Fund and World Bank will add to the market's mood of caution.

Analysts assume that French rejection of the Maastricht Treaty would create turmoil in financial markets and reignite expectations of a currency realignment within Europe, while approval would see a flight out of the safety of the mark for the higher yields available in the other European markets.

The lira remains the exception.

Although short-term Italian interest rates last week were lifted to punitive levels in an effort to stanch speculation, the pressure should remain incessant. Traders avoid the high rates by running daily positions, which are closed out at the end of trading and then renewed the next day. This explains why the lira ended the week at its floor level in the European Monetary System's exchange-rate mechanism, while during trading, it was sometimes seen outside the permitted band.

— CARL GEWIRTZ

Euromarkets At a Glance

Table with columns: Eurobond Yields, Weekly Sales, and Libor Rates. Includes data for various currencies and maturities.

AEG advertisement featuring a large image of a factory interior with the word 'AUTOMATION' at the top. Text includes 'Process management: Taming the complexity.', 'Manufacturing systems must deliver more flexibility and quality. Yet, they must do so at less cost and with an unequalled environmental compatibility.', 'Automation', 'Electrotechnical Systems and Components', 'Rail Systems', 'Domestic Appliances', 'Microelectronics', and 'AEG A member of the Daimler-Benz Group'.

PATENTS: Japan Takes Cues from U.S. Companies

(Continued from first finance page) intellectual-property office. The Japanese response has been prompted by a change in the way American companies view patents.

Patents were once used to prevent obvious copies of the products from which companies expected to earn profits. Now, the patents themselves are being viewed as a source of profits. American companies are asking for higher royalties than in the past, and they are increasingly taking their claims to court.

Judging from newspaper articles and television reports in Tokyo, some Japanese view the suits as a new type of American industrial

policy and a form of Japan-bashing.

Most knowledgeable Japanese businessmen dismiss such hysterics, acknowledging that American companies are seeking patent royalties from American companies as well as from the Japanese.

Still, they say, Japanese companies have made tempting targets because they are known to dislike lawsuits and will often settle quickly to avoid being taken to court.

Many executives in Tokyo say it is a sign of decline that some American companies are living off royalties from past inventions rather than manufacturing products. It is often pointed out, for instance, that Honeywell no longer makes the in-

to-focus device for which it is now receiving huge payments.

But even as they moan about paying royalties to American companies, Japanese corporations are demanding royalties from South Korean semiconductor companies.

Nor are Koreans the only targets. Dai Nippon Printing recently sent letters to 30 companies, mostly Japanese, asking for reimbursement for technology used in liquid-crystal-display screens.

Japanese companies are also trying to build stronger patent portfolios. Matsushita, the Japanese consumer electronics giant known for its Panasonic brand, has begun offering prizes worth thousands of dollars to employees who invent technology that can be patented.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Sept. 4

(Continued)

Table with multiple columns listing OTC trading data including symbols, prices, and volume. Includes sub-sections like 'S', 'R', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

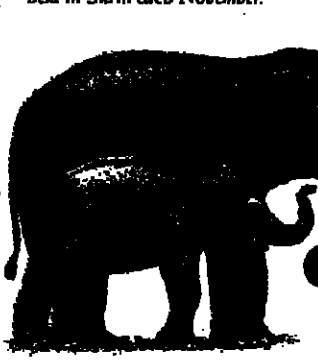
Vertical advertisement on the right edge of the page, partially cut off, featuring 'SPC Buffalo Burial' and 'Spence Bee in Europe'.

S M

There's a glittering array of things to do and see in Thailand. Bangkok's Grand Palace is a sight many visitors remember above all else.

The elephant has played an important role in Thailand's history. On your trip to our beautiful Kingdom you can see the skill and playfulness of these magnificent creatures.

Come to the most beautiful store in the East. Come shopping in Thailand for fabulous silks, hand-woven cottons, exquisite lacquerware.



Silk-making and silk-weaving are part of our ancient cultural tradition. Even today, the finest quality silks are still produced on hand looms in villages where ancient skills are passed lovingly from one generation to the next.



Miles of white coral sand sloping into a crystal clear sea. At either end, thatched roof restaurants to linger over a dish of curry, noodles and fish.



At Thai International, we've combined state of the art technology with centuries old traditions and woven them into an airline that's Smooth as Silk.

THAI

as silk

Handwritten text at the bottom center of the page.

MONDAY SPORTS FOOTBALL

Buffalo, In Usual Form, Buries Rams in Opener

Compiled by Our Staff From Dispatches

Neither the Buffalo Bills nor the Los Angeles Rams looked too different from last season. The Bills, two-time AFC champions, came out of the gate again with a 40-7 rout of the Rams in Orchard Park, New York, on Sunday.

NFL ROUNDUP

points in each of the last three seasons, finished with 363 yards, 208 in the first half. The Rams could only muster 215 yards.

Rams on their next possession and Thomas took over, running five times in a nine-play drive that ended with his 1-yard touchdown.

James Lofton became the National Football League's all-time receiving yards leader, surpassing Steve Largent's mark of 13,089 yards with a 4-yard catch late in the game.

Colts 14, Browns 3: Indianapolis, the NFL's worst team a year ago, won a season opener for the first time in nine years Sunday, beating Cleveland in Indianopolis.

Herremann, replacing injured Jeff George, was starting for the first time in five years and only the 12th time in his 12-year career. He hit three straight passes on the Colts' second possession, including a 17-yarder to Jessie Hester at the Browns' 16.

years and two touchdowns in his first NFL start.

Nagle, who was 21 of 37 overall, completed three straight passes for 52 yards to enable Jason Starovoy to kick a 45-yard field goal with 4:12 elapsed in the second quarter.

Steelers 20, Oilers 24: Pittsburgh intercepted Warren Moon five times, two each by hobbled cornerback Rod Woodson and Larry Griffin, and the Steelers started the Oilers in Houston.

The game was proceeded by a tribute to the Jerome Brown, the Eagle defensive lineman killed in a car accident in the offseason.



Ohio State tailback Robert Smith, who did not play last year after a dispute with coaches, returned for a thriller against Louisville.

Top-Ranked Teams Roll

The Associated Press

There were no surprises on the first full day of college football's season as most of the ranked teams fattened up on passes.

Nineteen of the top 25 teams were in action and only one game — No. 1 Miami at No. 23 Iowa — loomed as a decent matchup.

On average, the ranked teams beat their opponents by almost 19 points. Tennessee had the largest margin of victory, 35 points, while Ohio State eked out a 1-point victory over visiting Louisville for the smallest margin.

Notre Dame had a tough time pulling away from a pesky Northwestern team, Penn State survived a fourth-quarter challenge in Cincinnati, and Alabama waited until late in the game to bury visiting Vanderbilt.

It was the same story in the second 10 with one exciting exception. A hurried throw on a two-point conversion attempt and a penalty on the ensuing on-side kick kept Louisville from shocking Ohio State.

Miami dominated from start to finish in Iowa City and kept a Kinrick Stadium crowd of 70,397 quiet. Gino Torretta passed for 433 yards and two touchdowns as the defending national champions extended the nation's longest winning streak to 19 games.

No. 2 Washington 31, Arizona State 7: Napoleon Kaufman ran 63 yards for a TD on his first carry and went 70 on his second to set up another score as visiting Washington won its 15th consecutive game.

third quarter before the Irish pulled away with three big plays — Rick Mirer's 70-yard touchdown pass to Mike Miller, a 72-yard touchdown run by Reggie Brooks and a 24-yard scoring run by Jerome Bettis.

No. 4 Florida State 48, Duke 21: Florida State basketball star Charlie Ward debuted at quarterback for the Seminoles and threw four touchdown passes and ran for another in Tallahassee. But he also threw four interceptions and fumbled once as Florida State and Duke met for the first time ever.

No. 7 Texas A&M 31, LSU 22: Jeff Granger passed for 196 yards and a touchdown and ran for another in Baton Rouge.

No. 8 Penn State 24, Cincinnati 20: In Cincinnati, Brian O'Neal ran for his second touchdown of the game with 7:36 remaining as Penn State withstood a fourth-quarter scare. The game was a sharp contrast to last year, when the Lions smashed the Bearcats, 51-0.

No. 9 Alabama 25, Vanderbilt 8: Freshman Michael Proctor kicked field goals of 46, 43, 42 and 32 yards in his college debut as Alabama, playing without the suspended David Palmer, beat Vandy for the eighth year in a row.

No. 10 Syracuse 42, East Carolina 21: Quirry Ismail, Rocket's brother, started Syracuse's season with a 64-yard touchdown run as the visiting Orangemen racked up 634 yards of total offense against an East Carolina defense that couldn't stop the wishbone.

No. 11 Nebraska 49, Utah 22: Mike Grant quarterbacked Nebraska for the first time since 1990, threw for two touchdowns and rushed for two others as the Cornhuskers opened a 35-0 halftime lead at home and easily defeated Utah.

No. 12 Colorado 37, Colorado State 17: Kordell Stewart threw four touchdowns in amassing a school-record 409 passing yards as Colorado, playing at home, unveiled a pass-oriented offense and defeated its intra-state rival.

No. 13 Clemson 24, Ball State 10: Tim Jones' fourth-quarter interception set up Howard Hall's go-ahead 1-yard TD run as Clemson held off Ball State to win at home. Mike Neu passed for 208 yards and Corey Croom ran for 135 yards against a Clemson defense that ranked fourth in the country last season.

No. 14 Georgia 28, South Carolina 6: Garrison Hearst and Mack Strong ran for touchdowns of 49 and 59 yards as visiting Georgia got its game in gear in the second half and beat South Carolina. The Bulldogs trailed 6-0 at halftime.

No. 17 Ohio State 28, Louisville 19: Visiting Louisville was inches short of upsetting Ohio State when quarterback Jeff Brown's pass, on a conversion attempt, floated just beyond Ralph Dawkins. On the ensuing on-side kick, Louisville's Ray Buchanan picked up the ball and ran to the Ohio State 15, but the play was nullified because the kick had not traveled 10 yards.

No. 18 North Carolina State 35, Appalachian State 10: Gary Downs had two first-half scoring runs and Ledel George returned a punt for another touchdown as North Carolina State improved to 2-0 with a victory in Raleigh.

No. 19 California 46, San Jose State 16: Russell White ran for 216 yards and Dave Bart threw three touchdowns passes to Sean Dawkins as California rolled over San Jose State at Berkeley.

No. 21 Mississippi State 28, Texas 10: John Mackovic lost in his debut as coach of the Longhorns when Mississippi State quarterback Sleepy Robinson and Greg Plump ran for two touchdowns and threw for another in Austin. In other games, unranked Arkansas suffered a humiliating defeat at home as The Citadel, a Division I-AA team, beat the Razorbacks, 10-7.

San Diego State sophomore Marshall Faulk, who as a freshman led the nation in rushing and scoring, gained 220 yards on 27 carries in a 31-31 tie with Southern Cal in San Diego.

At the O.K. Corral, It's 35-0 and...

HOUSTON — Fans rushed for the gates of Rice Stadium and football players dove for cover Saturday night after hearing what sounded like a gunshot at the Texas Southern-Prairie View game.

At least seven people were treated for injuries. Officials ended the game with 13 minutes to play and Texas Southern ahead, 35-0.

Many in the crowd of 31,500 rushed onto the playing field. Players from both teams fell to the field or ran. But Sergeant T. Stevens, watch commander for the Houston Police Department, said university police told him that no one had seen a gun, and that the noise was apparently that of a firecracker going off.

Spence Beats Forsbrand In Europe Golf Playoff

Compiled by Our Staff From Dispatches

CRANS-SUR-SIERRE, Switzerland — Jamie Spence of England closed with five birdies and an eagle Sunday, then beat Anders Forsbrand of Sweden with a 25-foot (7.6-meter) putt on the second hole of a sudden-death playoff to win the European Masters/Swiss Open.

In recording his first victory on the European Tour, Spence shot a 12-under-par 60 to match the course record.

Forsbrand birdied his last five holes of regulation for a 65. Scotland's Colin Montgomerie, the leader after three rounds, needed to birdie the last hole to join the playoff but missed his putt. Darkness had curtailed Montgomerie's third round Saturday, forcing him to play three holes before the start of Sunday's last round.

"I'm shattered," Montgomerie said. "Leaving all week and I still can't do it. I can't even work with a five-shot lead going into the last round. Something is wrong with me."

Another Scot, Sandy Lyle, shot 67 for fourth place at 274. Three players were another stroke back — Spain's José Rivero (69), Germany's Sven Struver (68) and Sweden's Per-Ulrik Johansson (65).

Spence double-bogeyed the last hole in the gloom Saturday night and began Sunday's round 11 shots behind Montgomerie.

"When Anders started holing the putts at the end, I just knew he was going to do it," said Spence, who watched his opponent sink the last two on television near the 18th green. "But I knew I wasn't going to give up — just like my career, really."

Forsbrand, who collected seven birdies over the last 10 holes, said his opening two rounds were his downfall.

"It needs to have got to the playoff," said Forsbrand. "I dropped too many silly shots over the first two rounds. Twenty-nine birdies. Too many bogeys."

Spence is only the seventh player in European Tour history to score 60. Four players have done it since the start of July, but Spence is the first to do so on a par-72 course.

"I'm delighted after a lot of near misses," he said. "I'm not thinking about the Ryder Cup yet, that's a year away. But this is the best possible start."

The Swiss event is the first counting toward places on the European tour for next September's Ryder Cup against the United States.

Yasunobu Kuzumoto of Japan moved to 156th place on the European Order of Merit as he tied 49th place by carding 72 for his final round, with five birdies, a double-bogey and three bogeys.

Kuzumoto made sure of earning an exemption place as the final qualifier for the European tour school by making the cut at Crans. He will attempt to qualify for the European Tour at its school in Massane and Montpellier, France, from Nov. 13-18. (UPI, Reuters)

Mark Brooks recovered from a bad opening drive to shoot a bogey-free 7-under 65 for a one-stroke lead going into Sunday's final round of the Milwaukee Open in Franklin, Wisconsin, The Associated Press reported.

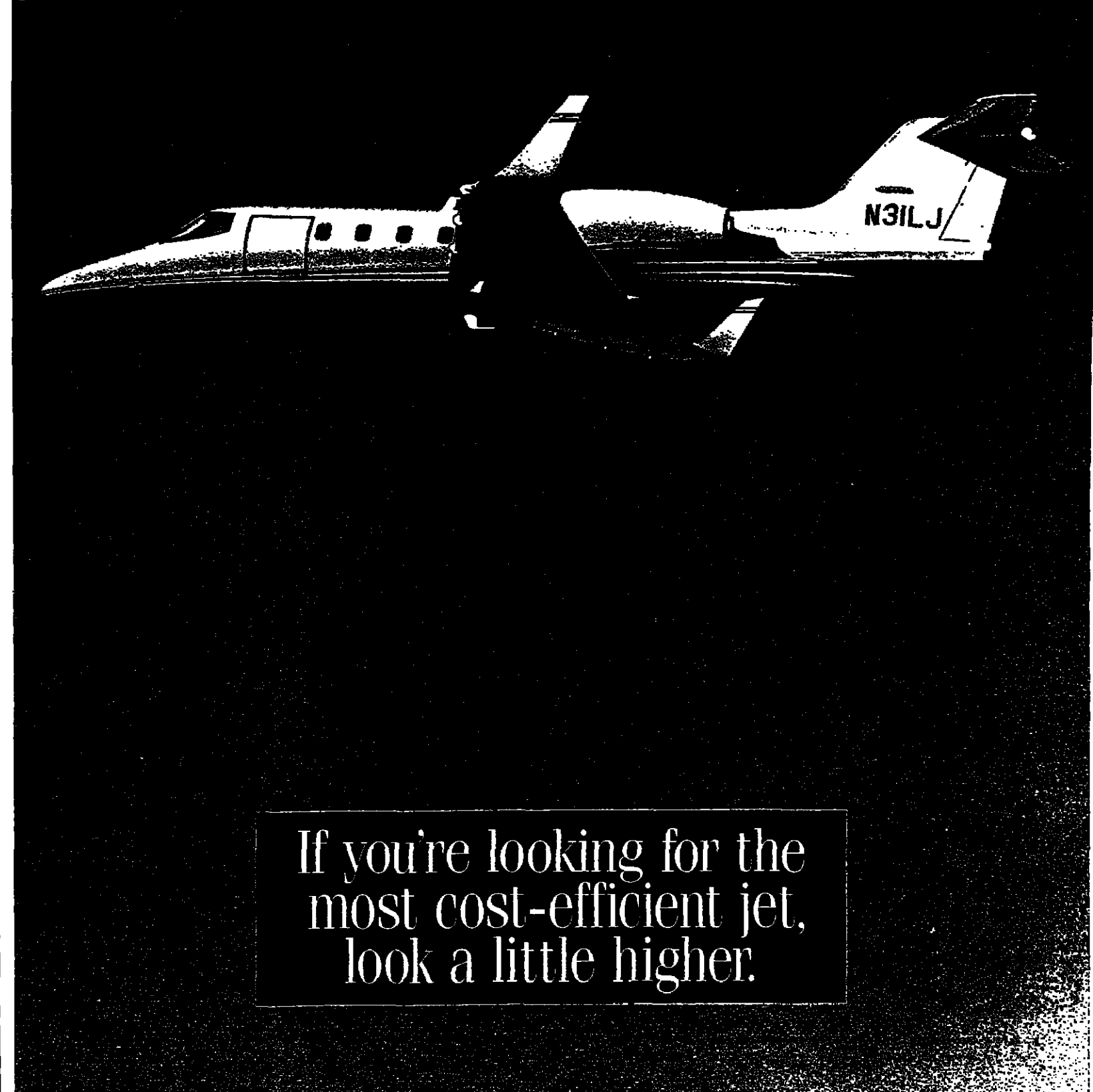
Brooks, at 201, led Richard Zokol, who shot a 64 Saturday at the Tuckaway Country Club. Jay Haas was third, three strokes back after a 64. (AP, UPI)

Last Week's Markets

Table with columns for Stock Indexes (United States, DJ Indus, DJ USX, etc.) and Money Rates (Discount rate, Federal funds rate, etc.).

MUTUAL FUNDS

Table listing various mutual funds with columns for Name, Bid, Ask, and other financial metrics.



If you're looking for the most cost-efficient jet, look a little higher. That's where you'll find the Learjet 31A. High above the weather and congestion of slower aircraft, the Learjet 31A slices through the smooth air of the troposphere with an efficiency never before realized in a corporate jet.

MONDAY SPORTS ATHLETICS

O'Brien Sets Decathlon World Mark

Compiled by Our Staff From Despatches
Dan O'Brien has restaked his claim to being the world's greatest athlete by breaking the decathlon record.

Noureddine Morceli of Algeria set a men's 1,500-meter world record of 3 minutes, 28.86 seconds Sunday in Rijet, Italy. He beat the mark of 3:29.46 set by Said Aouita of Morocco in August 1985 in Berlin.

O'Brien, the 1991 world decathlon champion who was seeking to redeem his season after failing to make the U.S. Olympic team, accumulated 8,891 points Saturday in Talence, France, to erase the mark of 8,847 set by Britain's Daley Thompson at the 1984 Olympics in Los Angeles. O'Brien became the first American to hold the record since Bruce Jenner in 1976.

"Before I used to say the world's greatest athlete was Daley Thompson," O'Brien said. "Now I have to say myself at this point. Finally."

After winning the world title last year and becoming the favorite for the Olympic gold medal, he did not make the U.S. team after no-heightening in the pole vault at the U.S. Olympic trials at New Orleans in June.

"Did the record take the place of winning a gold medal at Barcelona?" "No, but it's very satisfying," O'Brien said.

O'Brien set four personal bests in

the 10-event, two-day meet and easily beat Robert Zmelik of Czechoslovakia, the Olympic gold medalist.

Zmelik finished second with 8,344 points, far off his Olympic total of 8,611. Third was Alain Blondel of France with 8,285.

O'Brien, 26, from Moscow, Idaho, prospered under nearly perfect conditions Friday and Saturday.

He set personal bests in the long jump and shot put Friday, when he compiled 4,720 points. Saturday, he broke his personal best in the discus, then bettered it on all three throws in the javelin, the next-to-last event, putting him in excellent position to break Thompson's record.

In the 1,500, O'Brien, needing to run 4:49, was timed in 4:42.10 as the enthusiastic crowd of 5,000 cheered each time O'Brien came by the stands.

"I knew I could run under what I needed to set the world record," O'Brien said.

With coaches and friends stationed around the track offering encouragement and splits, O'Brien finished seventh among the eight runners. But he had already done more than enough in the previous nine events.

In fact, his score at the end of nine events, 8,224, would have been good enough for fourth place at Barcelona.

"It would have been good enough

even for me to make the Olympic team," O'Brien said. "I thought about it and wished I could have done that without the pole vault."

O'Brien started on his record pace by posting the best legal first-day decathlon score.

He entered Saturday 43 points ahead of the pace set by Thompson, when the Briton had 4,677 en route to his world record.

O'Brien opened with 10.43 in the 100 meters. He then set a personal best of 8.08 meters (26 feet, 6 inches) in the long jump, passing his final two attempts to rest his tender left ankle, injured at Stockholm in July.

In the shot put, O'Brien had another personal best, 1.69 meters. He had an early scare in the high jump when he missed his first attempt at 1.98 meters, but cleared that on his second try, then posted 2.07 meters.

In the 400, with a best of 46.53, O'Brien ran only 48.51.

He opened the second day with 13.98 in the 110-meter hurdles, just off his personal best of 13.94. In the discus, he set another personal best, 48.56 meters.

In the pole vault he began at 4.60 meters because, at the trials, he started at 4.30 and missed on each of his three attempts.

Still, he had another scare when he

did not generate enough speed on his first try and failed. His second try he cleared easily and wiped his brow.

New Orleans "was on my mind entirely," O'Brien said. "But I knew I could make the opening height. And once I made the opening height I knew I had a shot at the record."

He went on to clear five meters before missing.

Then came the javelin, and his best of 62.58 meters. (AP, Reuters)

Young, Dreschler Win

Olympic gold medalist Kevin Young of the United States and Heike Dreschler of Germany have won the Mobil Grand Prix overall championships. The Associated Press reported from New York.

Both clinched their titles and earned the \$25,000 first-place prizes at the Grand Prix final in Turin on Friday night.

Young, the world record-holder in the 400-meter hurdles, and shot putter Werner Günthor of Switzerland each finished the men's competition with 63 points. Young won the tie-breaker with a superior performance at the Prix final: His 11th victory gave him an undefeated season.

Dreschler won the women's long jump to beat out sprinter Melaine Ottey of Jamaica.



Dan O'Brien clearing a hurdle en route to his world record in the decathlon.

Bugno Retains Cycling Title

The Associated Press
BENIDORM, Spain — Gianni Bugno of Italy won his second consecutive world cycling championship Sunday with a powerful sprint up the final stretch, edging out second-place Laurent Jalabert of France and third-place Dimitri Konyshev of Russia.

Bugno, 28, covered the 261.6-kilometer (162.2-mile) course in 6 hours, 34 minutes 27 seconds to become only the fourth rider to win the title in back-to-back years.

The race came down to a lottery in the final kilometer with almost 20 riders jockeying for position on a flat stretch before the uphill dash for home.

Tony Rominger of Switzerland was fourth and Steven Rook of the Netherlands — second last year — finished fifth.

Spain's Miguel Indurain finished sixth and failed in his bid to become only the third rider to win the Tour de France, the Tour of Italy and the world title in the same year. Ireland's Stephen Roche last pulled the feat in 1987.

Greg LeMond, the two-time world champion, cited a urinary tract infection in confirming his withdrawal from the competition, a U.S. official said.

On Saturday, the U.S. team of Bunki Bankalis-Davis, Evi Stephenson, Jan Bolland and Jeanne Gray won the women's 50-kilometer time trial, covering the distance in 1 hour, 3 minutes and 30.7 seconds. They edged out second-place France and third-place Russia.

SCOREBOARD

Major League Standings

(Through Saturday)

AMERICAN LEAGUE

East Division

W L Pct. GB

Toronto 77 58 .570 0

Baltimore 72 62 .541 4 1/2

Milwaukee 67 67 .500 9 1/2

Chicago 67 67 .500 9 1/2

Detroit 63 73 .463 15

New York 63 73 .463 15

Cleveland 57 79 .419 21 1/2

West Division

Oakland 79 56 .585 0

Minnesota 75 61 .551 4 1/2

Chicago 72 64 .527 11 1/2

Texas 67 71 .486 16 1/2

California 61 75 .449 22 1/2

Kansas City 57 79 .419 28 1/2

Seattle 56 80 .412 29 1/2

NATIONAL LEAGUE

East Division

W L Pct. GB

Pittsburgh 75 56 .570 0

Montreal 73 60 .550 2

Chicago 72 64 .527 11 1/2

St. Louis 66 67 .496 12

New York 62 72 .463 16 1/2

Philadelphia 57 79 .419 28 1/2

West Division

Atlanta 75 59 .561 0

Cincinnati 72 62 .541 2

San Diego 67 67 .500 7 1/2

Houston 64 71 .474 15 1/2

San Francisco 62 73 .463 16 1/2

Los Angeles 58 81 .419 22 1/2

Friday's Line Scores

AMERICAN LEAGUE

Seattle 6-0 vs. Cleveland 3-2

Cleveland 6-2 vs. Toronto 3-1

Pittsburgh 7-1 vs. Montreal 3-2

Chicago 6-1 vs. St. Louis 3-2

New York 6-0 vs. Philadelphia 3-3

Atlanta 7-0 vs. Cincinnati 3-2

San Diego 6-1 vs. Houston 3-2

Los Angeles 6-1 vs. San Francisco 3-2

Saturday's Line Scores

AMERICAN LEAGUE

Seattle 6-0 vs. Cleveland 3-2

Cleveland 6-2 vs. Toronto 3-1

Pittsburgh 7-1 vs. Montreal 3-2

Chicago 6-1 vs. St. Louis 3-2

New York 6-0 vs. Philadelphia 3-3

Atlanta 7-0 vs. Cincinnati 3-2

San Diego 6-1 vs. Houston 3-2

Los Angeles 6-1 vs. San Francisco 3-2

Colorado 110 891 55-2-14 0

Kansas City 100 800 50-2-9 9

Fernandez and Pisk; Anker, Monahan (4),

Manich (4), Gordon (9) and MacIntyre (9)

W-Fernandez, 7-1, L-Scott, 1-1

Boston 910 828 50-2-11 1

Oakland 801 808 50-2-11 1

Dorwin, Quattrone (1) and Perez; Brewer,

Porrett (4), Rocca (4), Hillenroth (7), Corral (9)

and Steinbach, Quirk (4), W-Corwin, 4-4, L-

Stewart, 1-1, H-R-Sutton, Cooper (1), Oak-

land, R-Johnson (2), 0-2

Baltimore 802 801 49-2-11 2

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Toronto 100 800 50-2-10 0

Smiley, Willis (4) and Horner; Guzman,

Tuchman (4), Eichenlaub (7), G-Walsh (9) and

W-J-Guerra, 13-3, L-Senley, 14-7,

Yankees 800 800 50-2-10 0

New York 800 800 50-2-10 0

Porcillo, Nunez (8), Rivera (1) and Rook-

ings; Allieva, Cadaret (7), Soriano (8),

Nelson (9), Holman (9), Young (9) and Nelson,

W-Pevler, 3-2, L-Mullins, 3-2, W-Rivera, 4-1,

(4), H-R-Torres, Polanco (7),

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MONDAY SPORTS U.S. OPEN

Toronto Outpowers Twins to Sweep Three-Game Series

The Associated Press Ed Sprague hit a three-run homer as Toronto rallied with four runs in the seventh inning, and the Blue Jays beat the Minnesota Twins 4-2 Sunday for a three-game sweep.

AMERICAN LEAGUE

berto Alomar singled him home off Tom Edens. Todd Stottlemyre allowed both runs and six hits in 7 1/2 innings with three strikeouts and two walks.



Gabriela Sabatini beat Sabine Appelmans to become the first player to reach the quarterfinals.

Edberg and Seles Lead Advance of Top Seeds

Compiled by Our Staff From Dispatches NEW YORK — Defending champions Stefan Edberg and top-seeded John McEnroe, destined to meet in the round of 16, also advanced.

Results From the U.S. Open Tournament

MEN'S SINGLES Saturday, Third Round Wayne Ferreira (12), South Africa, def. Volodymyr Kostin (15), Ukraine, 6-4, 6-2, 6-4.

John Doherty allowed one run and seven hits in seven innings, struck out one and walked two.

Tom Gordon pitched three innings of relief for the win, striking out six, and Jeff Montgomery got six outs for his 33rd save.

With Chicago leading 2-1, Roberto Hernandez relieved Kirk McCaskill to start the seventh and gave up a double to Curtis Wilkerson and Brett's seventh homer.

On Friday night, Toronto had tied an American League record with 10 consecutive hits during an eight-run second inning, and went on to win, 16-5.

Arazi and stablemate Akiko, both trained by Françoise Boutin, were scratched without explanation.

Arazi has not run since placing fifth in the St. James Palace Stakes at Ascot on June 15. That was his only race since running eighth May 2 in the Kentucky Derby.

The British filly All At Sea, ridden by Pat Eddery, won the Prix du Moulin by a neck over the Irish colt Brief Truce.

Ken Caminiti hit a two-run homer for Houston, which won for the 16th time in 23 games.

Eric Karros had a tie-breaking two-run double off reliever Danny Cox in a three-run seventh as the Los Angeles Dodgers stopped Pittsburgh's seven-game winning streak, beating the Pirates 7-5 in Pittsburgh Sunday.

NATIONAL LEAGUE

Bill Wegman won for only the second time in six starts, allowing three runs and six hits in five innings before leaving with a stiff back.

Patience Hix, small like Chang, beat one of the tallest women's players, Helen Sukova, 6-1, 7-6 (7-2), with the same craftiness and mental fortitude she showed in upsetting Jennifer Capriati.

Chanda Rubin in her third-round upset of Katarina Maleeva.

Chanda Rubin in her third-round upset of Katarina Maleeva.



Chanda Rubin in her third-round upset of Katarina Maleeva.

A Teen Comes of Age

NEW YORK — Out on Court 16, in front of a few thousand eyes, Chanda Rubin seemed to grow well beyond her 16 years.

Rafael Palmeiro hit a two-run double in the fifth inning and a two-run homer in the ninth.

Patience Hix, small like Chang, beat one of the tallest women's players, Helen Sukova, 6-1, 7-6 (7-2), with the same craftiness and mental fortitude she showed in upsetting Jennifer Capriati.

Danish Brothers Win Boxing Titles

COPENHAGEN (AP) — Jimmy and Johnny Bredahl of Denmark made professional boxing history as they won World Boxing Organization titles in successive bouts.

Mets' Bonilla to Have Surgery on Shoulder

NEW YORK — Bobby Bonilla will play out the New York Mets' current road trip through their game at Chicago on Sept. 15, then undergo arthroscopic surgery on his right shoulder and miss the remainder of the season.

For the Record

The St. Louis Blues announced they have signed Russian left-winger Vitali Karamnov and negotiated his release from Dynamo Moscow.

Advertisement for AT&T USADirect service, featuring a globe and the text 'Get your point across in no time.'

